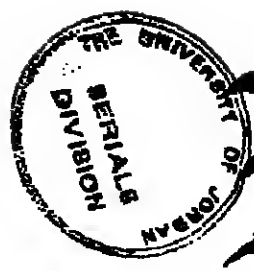


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# Herald Tribune

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## U.S. Backs Russian Bid For North Korea Talks

### Moscow Says It That 'Cannot Tolerate' Violation of Nonproliferation Treaty

**Washington Post Service**

ISTANBUL — Seeking to secure Moscow's backing for a tough sanctions resolution, the United States dropped its earlier opposition and endorsed on Friday a Russian proposal for an international conference on North Korea's quest to become a nuclear power.

As the crisis deepened over Pyongyang's refusal to allow full inspection of its nuclear facilities, the Clinton administration intensified its diplomatic contacts to rally international support behind a United Nations resolution that would impose economic penalties on North Korea for its flagrant disregard of nuclear safeguards.

Secretary of State Warren M. Christopher said after meeting with the Russian foreign minister, Andrei V. Kozirev, here on the fringe of a NATO conference that the United States and Russia were working closely to put together a resolution "containing both references to sanctions as well as to, at some point in the process, an international conference."

Concurring in the objective of sanctions, Mr. Kozirev said at a joint news conference with Mr. Christopher, "We cannot tolerate violations by North Korea or anyone else."

Mr. Christopher said he and other senior Clinton administration officials would be working through the weekend so that the sanctions resolution could be put to a vote at the United Nations sometime next week.

"We want to make sure it's the strongest resolution feasible under the circumstances," he said.

Earlier, Mr. Christopher said he understood that, contrary to press reports, the Japanese government was prepared to support stiff sanctions, even though Japan has complained in the past that such measures could cause serious difficulties at home. One of the few effective sanctions against North Korea would be cutting off remittances from its expatriate workers living in Japan.

In addition, Mr. Christopher said he was now confident that China, North Korea's most important ally, would ultimately decide not to exercise its veto over a sanctions resolution even though Beijing has been insisting that it is the wrong way to deal with Pyongyang.

"I think one needs to distinguish between their preference for not having sanctions, but I do not equate that to the fact that they will necessary veto a sanctions resolution if we work with them carefully," Mr. Christopher said after meeting with his Turkish counterpart, Hikmet Cetin.

Other U.S. officials said that even though

## Bosnia War End in Sight to UN General

**Compiled by Our Staff From Dispatches**

SARAJEVO, Bosnia-Herzegovina — United Nations officials predicted here Friday that a temporary cease-fire that took effect at noon would mark "the beginning of the end" of the war here.

But the optimism was tempered within hours as Bosnian Serbs and Muslim-led forces kept up sporadic shelling along front lines.

Sir Michael Rose, the UN commander in Bosnia, said just before the truce came into effect: "I think we're seeing the beginning of the end of the war here. The imperatives for peace are working on both sides. I think there is a will for peace among the population."

But UN sources said 63 shells fell in the Ribnica area, southwest of the northern town of Tuzla, and 31 shells landed in the Olovares zone near a disputed supply route.

The Bosnian Serb news agency, SRNA, said Bosnian Army troops shelled Serbian positions on Friday near Modrica, west of Brcko, seriously wounding a civilian. Muslim-controlled Sarajevo radio said Serbs shelled Muslim positions outside of Brcko.

Despite reports of military activity, UN peacekeeping forces in Sarajevo insisted it was too early to assess the impact of the cease-fire, which was agreed on Wednesday in Geneva.

Numerous Bosnia-wide cease-fires in the 26-month war have failed. But the recent reconciliation between Bosnian Muslim and Croatian forces has halted fighting in much of central and south-western Bosnia, and a local truce has kept besieged Sarajevo mostly quiet since mid-February.

Leaders of the Serbian and Muslim-Croatian allies were less optimistic than Lieutenant General Rose that the temporary cease-fire would stop the fighting or provide momentum for a political settlement.

The two sides remain deeply divided over how to partition the former Yugoslav republic, 70 percent of which is under Serbian control.

The Bosnian prime minister, Haris Silajdzic, welcomed a vote by the U.S. House of Representatives on Thursday to order President Bill Clinton to lift the arms embargo on former Yugoslavia, which has crippled the Muslim war effort.

Mr. Clinton is opposed to unilaterally ending the embargo, and General Rose said ending it could jeopardize humanitarian aid operations on which millions of Bosnians rely for their survival.

"I think it does raise false hopes in people's minds," General Rose said. "It takes a lot more than just being equipped to win a war."

The measure requires Mr. Clinton to order the U.S. Navy, customs offices, and the postal service, which are now preventing arms

## Nuclear Club Distressed by China's Test Of H-Bomb

### China Races to Update Its Nuclear Weaponry Before Talks on Ban

**By Patrick E. Tyler**  
*New York Times Service*

BEIJING — China exploded a hydrogen bomb Friday as part of a series of underground tests designed to modernize its nuclear forces before test ban negotiations are concluded by 1996.

The test appeared to Western diplomats to have been delayed so as not to antagonize the Clinton administration as it was deciding last month to cut the link between China's human rights record and trade relations with the United States.

In Washington, Dee Dee Myers, the White House press secretary, said: "The United States deeply regrets this action."

Administration officials have been anticipating the test since preparations were first observed by reconnaissance satellites in April and May.

China's last underground blast, on Oct. 5, 1993, prompted President Bill Clinton to order the Department of Energy to prepare for a possible resumption of American underground testing.

Mr. Clinton and other nuclear weapons states have been enforcing a self-imposed moratorium on testing as they prepare for negotiations on a comprehensive test ban treaty that could be concluded in 1995 or 1996.

Friday's test was announced in a brief statement published by the Xinhua press agency.

"China conducted an underground nuclear test earlier today," a Foreign Ministry spokesman was quoted as saying. The test followed a similar detonation on Oct. 5, two detonations in 1992 and two in 1990. It was China's 40th test since it first exploded a 3,410-pound fission bomb Oct. 16, 1964.

In London, a Foreign Office statement expressed regret over the test, which came, it said, "against a background of restraint on testing by the other nuclear powers." Japan said the test was "extremely regrettable." Russia also expressed regret. France was silent.

The Chinese Foreign Ministry spokesman repeated his government's assertion that "China always stands for complete prohibition and thorough destruction of nuclear weapons and, within this context, the realization of a comprehensive nuclear test ban."

Western diplomats said that China's current testing program is designed to verify the reliability of a new generation of miniaturized nuclear warheads in China's arsenal and to improve the "yield" or relative explosive power of smaller and lighter weapons.

China's modernization program, based on a retaliatory doctrine, would give China's leaders the improved capabilities to return nuclear fire from Russia, the United States, India or from U.S. bases in Japan and the Pacific. The upgrading has been called "logical" and "predictable" by Western analysts who say it does not pose a significant strategic threat to the United States.

Still, the overall improvement of China's strategic weaponry only adds to regional and Western concerns about the nature of China's political-military development in the future.



A worker helping French UN troops in Sarajevo to repair potholes Friday as a road-works program began in the Bosnian capital.

## Moscow Accepts Partnership and 'Strategic Cooperation' With NATO

**By William Drozdiak**  
*Washington Post Service*

ISTANBUL — Dismissing months of doubt about Russia's intentions, Foreign Minister Andrei V. Kozirev said Friday that he would soon travel to NATO headquarters in Brussels to sign accords on military cooperation and a new strategic relationship with the alliance.

Mr. Kozirev said that Russia and the 16 Western allies had reached an understanding that Moscow's role in the Partnership for Peace, NATO's plan to foster closer military links with former adversaries in the East, would be "a substantive program that would involve no mutual vetoes, reservations or surprises."

His declaration followed a meeting with Secretary of State Warren M. Christopher on the fringe of a conference that

brought together foreign ministers from NATO's 16 member states and their former Communist adversaries. It reinforced a public endorsement by Boris Yeltsin on Friday of Russian membership in the NATO plan.

Mr. Kozirev's words appeared designed to put to rest any lingering questions about Moscow's commitment to the Partnership plan. He also stressed Moscow's desire to reach a broader accommodation with the Western alliance in shaping its future role in the new European security system after the Cold War.

He indicated that Russia was pleased with the scope and opportunities in "a framework of strategic cooperation" to be developed between Moscow and the NATO alliance that would cover issues beyond the purely military dimension of the Partnership.

Even though Mr. Kozirev disappointed some Western allies by not specifying a date for his trip, senior U.S. officials said they expected that it would take place before the summit meeting of industrialized democracies to be held in Naples, Italy, next month.

Mr. Yeltsin is planning to attend the final day of political discussions at the summit meeting. U.S. officials said it was clear from the discussions with Mr. Kozirev that the Russians wanted to have the debate over their future relationship with NATO resolved by that time.

Mr. Kozirev expressed satisfaction with a NATO statement issued Thursday which he said "talks about both the Partnership and an individual program."

"That is exactly what Russia intends to carry out," he said. "I hope to visit Brussels very soon so that we can quickly activate both parts."

In Moscow, Mr. Yeltsin reaffirmed Russia's willingness to sign up for what Mr. Christopher hailed as "the most important strategic innovation in Europe since the creation of NATO." Mr. Yeltsin said his country was now ready to join because NATO had acknowledged Russia's special status as Europe's largest nation and premier nuclear power.

In the five months since leaders from the North Atlantic Treaty Organization launched the plan, 20 countries outside the alliance have embraced the Partnership for Peace, which is seen as a transition stage toward full NATO membership. But Russia has remained on the sidelines, insisting on

## Kiosk Clinton Tightens Sanctions on Haiti

President Bill Clinton tightened sanctions against Haiti on Friday, including a ban on all commercial airline flights, thereby putting new pressure on the country's military leaders.

U.S. officials said they would wait until June 25 before halting flights, giving the 6,000 Americans in Haiti time to leave.

The U.S. Embassy announced plans to withdraw some of its 150 U.S. employees and dependents. (Page 3)

**General News**

Time marches on, with the scientists about to add the 19th leap second since 1972. Page 4.

A German crime bill that would have stiffened penalties on Neo-Nazis failed. Page 2.

**Book Review** Page 5

**Crossword** Page 4

**Weather** Page 24



WAYS AND MEANS — Dan Rostenkowski, right, the Illinois Democrat under indictment for corruption, greeting the U.S. trade representative, Mickey Kantor, before House Ways and Means Committee hearings began on the World Trade Organization. Mr. Rostenkowski pleaded not guilty to the charges Friday. Page 4.

## Quebec Separatist Passions Flare Anew

### Anger Rises on Both Sides as Election Approaches

**By Charles Trueheart**  
*Washington Post Service*

TORONTO — The newly serious possibility that Quebec may vote in secede from Canada as early as next year has widened the gulf between the French- and English-speaking Canadians, provoking a level of anger and resentment not heard in nearly a generation.

The most vociferous attacks on Quebec separatism have come from the traditional seat of English-speaking hostility, the Canadian West. Provincial leaders there have expressed their outrage over recent overseas missions of the separatist leader Lucien Bouchard, whose pro-independence party, the Bloc Quebecois, is the official opposition to the Liberal Party government in the Canadian House of Commons.

As opposition leader, Mr. Bouchard was received with modest respect on official visits to Washington in March and to Paris in May, where he sought to explain the separatist agenda. Although Mr. Bouchard, a former ambassador to Paris, comported himself discreetly there, Canada's western premiers sputtered with indignation. Alberta's leader called Mr. Bouchard's Paris mission "repulsive," and Saskatchewan's premier described it as "a con job."

Quebec separatists have used some harsh language, too. Jacques Parizeau, chief of the separatist Parti Quebecois and the likely next premier of Quebec, all but called for a boycott of the Bank of Montreal last week after its chief economist predicted "a great deal of fear" in financial markets if the party took power in Quebec.

Just a few days before, a prominent Parti Quebecois candidate threatened major Canadian brokerage houses with reprisals if they continued to assert what most analysts believe to be true: that the separatist debate weakens the Canadian dollar and pushes up interest rates.

"We could be in power within three months, and we're the ones who will be sending out the checks," said Daniel Paille, the candidate, in an interview with the Montreal newspaper La Presse.

Provincial elections this fall will pit the separatist Parti Quebecois against Quebec's incumbent Liberals, unpopular after holding power for a decade. Polls indicate that the Parti Quebecois, with its slate of fresh faces and elaborate plans for an independent state, is likely to win the elections, perhaps in a romp, and take power in Quebec City, the provincial capital.

A victory would put the issue of separation before the Canadian people in earnest. Mr. Parizeau has said his government will make a "solemn declaration" interpreting the party's election as a mandate for a provincial referendum on sovereignty. The referendum could come in 1995, and the battle that precedes it, analysts say, could make today's acrimony seem tame.

Prime Minister Jean Chretien has been trying to avoid the issue. He has said over and over again that he was elected "not to talk about the constitution" — Canadian code for the Quebec issue. Some of his advisers reportedly want him to keep his rhetorical powder dry for the tough

Dow Jones		Trib Index	
Up	20.31	Down	0.20%
	3,773.45		112.51
The Dollar			
New York	1.6854	Previous close	1.6872
DM	1.509		1.5095
Pound	103.525		103.985
Yen	8.8705		8.871
Newsstand Prices			
Andorra	9.00 FF	Luxembourg	60 L Fr
Antilles	11.20 FF	Morocco	12 Dh
Cameroon	1,400 CFA	Qatar	8.00 Rials
Egypt	1.50 P. 5000	Reunion	11.20 FF
France	9.00 FF	Saudi Arabia	3.00 P.
Gabon	960 CFA	Spain	200 Ptas
Greece	300 Dr.	Tunisia	1,000 Din
Ivory Coast	2,400 CFA	Turkey	35,000 Liras
Jordan	1 JD	U.A.E.	8.50 Dirh
Lebanon	US\$1.50	U.S. Mil. (Eur.)	\$1.10

## As Terror Spreads, Yeltsin Declares War on Moscow Gangsters

**By Michael Specter**  
*New York Times Service*

MOSCOW — People here take misery in stride: Gangland slayings, daylight robberies, bribery of officials have all become part of life in the new Russia.

But this week, for the first time, one of modern terror's most deadly instruments — the car bomb — has appeared in Moscow, introduced by gangsters who seem to become more brazen and willful every day. Bombs have exploded in some of the city's most crowded pedestrian areas. They have maimed bystanders and destroyed food kiosks at rush hour. Most important, they have left usually stoic Muscovites feeling as if their personal safety is more at risk than it has ever been.

"I didn't mind when they waited for each other and shot it out," said Vladimir Byznitsky, a 55-year-old retiree who paints kiosks for extra money. He was working across the street from the Paveletsky railroad station in south-central Moscow the other day when a bomb intended for a leading businessman, Boris Beretovsky, decapitated the driver of his limousine, destroyed a nearby fruit stand, and blew out all the windows in an eight-story building across the street.

The bomb was planted in a parked car that the police say was triggered by a remote control device as Mr. Beretovsky drove by.

"Now the mafia has started killing each other with bombs that can also kill everyone else," Mr. Byznitsky said. "It's disgusting."

Calling Russia a crime "superpower," President Boris N. Yeltsin has declared that he will make law and order his top priority. On Thursday, Mr. Yeltsin's cabinet sent to Parliament a tough new crime bill that would make it far easier to prosecute organized crime leaders.

But Vladimir V. Zhirinovskiy and other hard-line political leaders are calling for harsher measures, including the immediate execution of gang members, and people are starting to agree.

The battle against organized crime will not be easy, in part because the power of the gangsters is far greater than the resources committed so far by the government.

"There are simply very powerful forces in this society which seek to hinder the creation of civilized business and the revival of the economy," said a statement released by Mr. Beretovsky's company on Thursday. "And they will use barbarian, criminal methods to get what they want. It is hard to fight."

Few could argue with that assertion. Estimates vary, but most experts here say gangsters control at least half of the private enterprise in the nation. Thousands of gangs operate freely, openly demanding payments from the owners of small kiosks, the board members of large industrial enterprises, and everyone in between.

At least a dozen bankers have been killed in the last year in the mobsters' intimidation campaign. Bombings of restaurants, banks, and private businesses have become a daily affair.

The attack on Mr. Beretovsky, the head of Logovoz, the country's largest car dealership, came at rush hour on Tuesday evening. Somehow, only six pedestrians in the heavily congested area were hurt. Mr. Beretovsky suffered serious burns and shrapnel wounds, but he is expected to recover.

Earlier on the day of the attack, the director of a small investment company lost his right leg, blown off by a bomb planted in his car. The previous day, another bomb exploded across the street from the busy Tchaikovsky Concert Hall. The police are not even sure who the intended victims were in that attack, although nobody was seriously wounded. And last Sunday, in the most outrageous recent death, an eight-year-old boy was killed by a car bomb that the police think was intended for a businessman.

"The situation is very serious," said Alexander Mikhailov of the domestic state security service, the lead agency in trying to stave off the rising influence of the mob. "They attack when they want to. It no longer even matters to them

See MOSCOW, Page 4



# German Cause Célèbre: The Guaranteed Soft Drink

By Craig R. Whitney  
New York Times Service

BONN — German employment benefits have to be cut back to improve the country's economic competitiveness. Chancellor Helmut Kohl's government and its big business allies keep saying.

But determined resistance by labor unions this week to plans to slim down postal and telecommunications services before privatization showed that this is easier said than done.

The government's plans to turn postal services, telephone and telecommunications, and the postal bank, with their 670,000 employees, over to the private sector beginning next year were thrown into doubt when negotiations with the German Postal Union over post-privatization fringe benefits broke down early Thursday.

On Friday, as millions of letters piled up in post offices closed by a wave of strikes called by the union for the second time in two weeks, German newspapers began reporting what some employees were battling so hard to keep after privatization. About 300,000 of them are civil servants with lifetime job security who are barred by law from striking.

For them and the others, some things accepted as normal by all German workers and undreamed-of by most workers in other countries are not even in dispute now, such

as a 13th month's salary at Christmas, for example, and a smaller vacation pay bonus. After privatization, postal employees would have to negotiate for those with their employers, but so far the Christmas bonus has been sacrosanct even in private industry.

But over the years, the state has granted such fringe benefits as these to its postal workers, and it wants to keep private buyers from being frightened away by the need to guarantee them in the future:

- A cold soft drink for postal employees in hot weather, when the outside temperature exceeds 80 degrees Fahrenheit (27 centigrade).

- A warm beverage for employees working outside when the weather is colder than 14 degrees Fahrenheit (-10 centigrade).

- Funeral-wreath payments for families of employees and retirees — \$100 in summer, and \$112 in winter, when flowers are more expensive.

- A uniform allowance, \$200 a year, for letter carriers, counter employees and others in uniform.

- Interest-free salary advances of up to \$300 for new hires.

A spokeswoman for the postal mail service said that some additional benefits would be continued for existing employees, but that management was not prepared to guarantee them for the indefinite future, as the labor unions wanted.

These include such things as 90,000 subsidized rental apartments in Berlin, Frankfurt, Munich and other expensive big cities for low-paid employees like letter carriers.

Most of them are not even in Eastern Germany, where under Communist rule many state-owned enterprises operated housing and vacation resorts for their employees.

The German postal authorities also keep 3,200 places in 12 German summer vacation resorts for low-income employees, and underwrite 7,000 places in more resorts in Austria, Italy, Switzerland, France and the Netherlands.

"These self-designated employees' representatives apparently think cold drinks and a vacation on the Côte d'Azur are more important than future guaranteed jobs," said Helmut Rieke, the chairman of the board of Telekom, the German telecommunications giant, which is still a monopoly and lags far behind American and British communications giants in getting ready for the electronic information highways of the future.

Telekom, the postal service, and the postal bank were split off as separate entities at the beginning of 1990 to set the stage for privatization. Next year, all three are to be converted to joint stock companies, and in 1996 Telekom plans to start issuing up to \$12 billion of new shares to private investors. The other two are expected to follow later.

The German railroad also became a collection of joint stock companies at the beginning of this year, with separate management for track, passenger trains, and freight, but avoided the labor conflicts that have broken out over plans for the post office.

A negotiator for the postal union, Günter Heidorn, said that the employees' organization fundamentally opposed the government's privatization plan, which the government hoped to get approved by Parliament on June 29.

The government, he said, was trying to force "a massive cut in our standards of welfare" and reduce the number of seats employees have on joint worker-management councils of the private enterprises. About 90 percent of postal employees take home only about \$350 a week, the union says.

It appeared to be counting on support from the opposition Social Democratic Party, which could block final approval before the legislature adjourns on July 1.

The most important of the union demands, a spokesman said, was the guarantee of a clear basis for employees' pensions and health insurance funds after private industry takes over.

Unions and government negotiators said they were ready to resume negotiations, but probably not until next Tuesday.

## Vote Light As Europe Chooses a Parliament

Compiled by Our Staff From Dispatches  
BRUSSELS — Low voter turnout was reported Friday in elections for the European Parliament, raising concern about prospects for voting in other countries Sunday.

Only about a third of registered voters showed up at the polls in the Netherlands on Thursday, normally one of the most enthusiastic supporters of the 12-nation bloc.

The turnout in Britain and Ireland also was thin in balloting Thursday for the 567-seat Parliament. But Danes turned out in higher numbers than expected, possibly reflecting a strong anti-EU sentiment.

Prime Minister Jean-Luc Dehaene of Belgium, expressed disappointment at the lack of interest. "It was a pity that not many people voted in the Netherlands and in the other countries," he said at a Christian Democratic Party meeting.

Mr. Dehaene said he hoped the peacekeeping force would be sent to coastal provinces within a few days.

President Boris Yeltsin of Russia signed a decree Thursday ordering the deployment of peacekeeping troops to the region. But the order needs approval from the upper house of Russia's Parliament, which rejected the idea last week, after lawmakers complained that Russia alone would bear the burden of maintaining peace in Abkhazia.

## WORLD BRIEFS

### Northern Tanks Attack Near Aden

ADEN, Yemen (Reuters) — Northern Yemeni forces backed by tanks on Friday tried to punch through defense lines around Aden, meeting a barrage of shellfire from the city's southern defenders. The black smoke from incoming northern rounds rose over the town's 10 kilometers (6 miles) northwest of Aden's outskirts, where the northern army is trying to seize control of power and water supply lines from heavily outnumbered defenders.

A northern official source said earlier in San'a that the northern forces were holding to a cease-fire pledge made for Thursday night despite what he called southern violations. Both sides accused each other of violating the cease-fire.

### Hindu Party Urges Nuclear Arming

NEW DELHI (Reuters) — The leader of India's main opposition party said Friday that the country should build nuclear weapons, and he accused the government of bending to U.S. pressure and taking a weak line against Pakistan.

Lal Krishna Advani, head of the Hindu nationalist Bharatiya Janata Party, was quoted as saying that India should have a nuclear weapons program to "prevent our neighbors and superpowers from intimidating us."

The United States has been pressing India to sign the Nuclear Non-Proliferation Treaty, which aims to control the spread of nuclear technology. But India, which exploded a nuclear device in 1974, has refused, saying the treaty discriminates against countries that do not already have nuclear arms.

### Georgia Wants Russian Troops Soon

TBILISI, Georgia (AP) — President Eduard A. Shevardnadze urged Friday that Russian peacekeepers be deployed in the breakaway Georgian province of Abkhazia, but it appeared unlikely that any troops would be sent soon.

After meeting with General Pavel S. Grachev, the Russian defense minister, Mr. Shevardnadze said he hoped the peacekeeping force would be sent to coastal provinces within a few days.

President Boris Yeltsin of Russia signed a decree Thursday ordering the deployment of peacekeeping troops to the region. But the order needs approval from the upper house of Russia's Parliament, which rejected the idea last week, after lawmakers complained that Russia alone would bear the burden of maintaining peace in Abkhazia.

### Year in Jail Sought for Italy Minister

MILAN (Reuters) — Milan's public prosecutor on Friday called for former Foreign Minister Gianni De Michelis to be jailed for a year in a case involving illicit party financing, judicial sources said.

Mr. De Michelis is accused of receiving 200 million lire (\$125,000) in bribes for his Socialist Party from a Milan-based company. He has denied the charge.

Prosecutor Paolo Ielo told a Milan court he was asking a relatively light sentence because Mr. De Michelis had cooperated with the inquiry, the sources said. Conviction on the charge could result in a sentence of up to five years. Mr. De Michelis also faces investigation over alleged kickbacks by companies to obtain construction contracts in the northern Veneto region of Italy and in a case related to Italian aid to developing countries.

## TRAVEL UPDATE

### London Postpones Hyde Park Event

LONDON (Reuters) — The government surrendered to war veterans on Friday by calling off a Family Day in Hyde Park to mark the 50th anniversary of D-Day.

The government, which had already toned down the program for veterans criticized plans for "dazzling family entertainment," said the event would now take place in 1995 to coincide with the anniversary of the end of World War II.

The national heritage secretary, Peter Brooke, said the recent commemoration of the D-Day landings in Normandy had met the government's objective, which was to raise public awareness of the Allied effort. "We have reviewed our plans in the light of this," he said, "and we believe that a fitting tribute has now been paid to the men and women who served."

Pilots at 15 small domestic airlines in Sweden started a partial strike Friday, and a pilots union threatened widespread action unless demands for improved work conditions were met. Pilots at SAS and other major companies were not taking part.

Air UK will postpone the start of its Paris-Orly-London Stansted service, initially scheduled for Monday, because two of the six daily flights would have to depart from Paris's Charles de Gaulle airport. The company said splitting the service between Orly, south of Paris, and Charles de Gaulle, north of the city, was "commercially unthinkable" and that it would continue to insist on full service from Orly. France opened the Orly-London route to British operators last month but set a maximum of four flights per day for the route.

Dock workers at all but three French ports began a three-day strike on Friday, union officials said. The protest, due to end Sunday, was called in sympathy with seven former dock workers in Bayonne who began a hunger strike May 25 after two of them were fired. Only the ports of Dunkirk, Saint-Nazaire and Rouen were spared, the union said. (Reuters)

Shanghai's first all-night golf and recreation center is under construction. The Wen Hui Bao newspaper reported Thursday. (Reuters)

The International Airline Passenger Association is appealing the U.S. government's refusal to release safety information about airlines banned from flying to the United States. (AP)

## Tories Lose Another 'Safe Seat'

Compiled by Our Staff From Dispatches

LONDON — Voters have delivered another rebuke to Prime Minister John Major's government, electing an opposition candidate to fill a parliamentary seat that Mr. Major's party won easily two years ago.

Only one Conservative seat was at stake in five by-elections held Thursday, as Britons also voted for members of the European Parliament. The other four seats had been held by the main opposition Labor Party, which won all four.

The results trimmed Conservative strength in the House of Commons to 16 more than the combined opposition.

Opposition parties asserted that the results Thursday were a devastating indictment of the government, in power since 1979, and that they increased pressure on Mr. Major to step down or call a general election. Ministers conceded that the results were disappointing. But the party chairman, Sir Norman Fowler, said Mr. Major's job was safe.

"He has the mandate for Parliament," Mr. Fowler said. "That's the mandate which counts. I do not see the need for any instant policy changes."

Mr. Major's hold on power may hinge on results of elections for 87 European Parliament seats that will be announced Sunday. Projections based on pre-election opinion polls suggested that the Conservatives were at risk of losing more than half of their 32 seats.

David Chidgey of the small, center-left Liberal Democratic Party was announced as the winner Friday morning in Eastleigh, where he won 24,473 votes, 9,239 over the second-place Labor candidate, Marilyn Burks.

Stephen Milligan, the Tory member of Parliament whose death led to the by-election, won the seat by 17,702 votes in the general election in 1992.

Stephen Reid, the Conservative candidate to succeed him, ran third, polling 13,675 votes. (AP, Reuters)



Mr. Chidgey popping Champagne to celebrate his triumph.

## Upper House Kills German Crime Bill

Compiled by Our Staff From Dispatches

BONN — The upper house of Germany's legislature killed a crime bill Friday that would have stiffened penalties for neo-Nazis and made it illegal to deny that the Holocaust occurred.

An attempt to send the bill to conference committee also failed.

The Bundesrat president, Klaus Wedemeyer, rejected charges from Chancellor Helmut Kohl's Christian Democratic Union that the opposition was carrying out a "destructive blockade" of the government.

"The Bundesrat is conducting itself responsibly," Mr. Wedemeyer said in a speech opening the session. "It is trying to fend off attacks against the interests of the regional states and protect the interests of their citizens."

The Bundesrat has the power to block legislation that directly affects the interests of the states, around two-thirds of all federal legislation. The government is formed by the party or coalition with a majority in the Bundesrat.

The Christian Democratic Union accused its political opponents of holding up passage of the bills as part of its campaign strategy.

"It is incomprehensible that the Social Democrats in the Bundesrat have blocked the most important security bill of the year for political reasons," Interior Minister Manfred Kanther said.

Jürgen Rüttgers, the Christian Democratic Union parliamentary whip, warned that after Friday's

session, one of the last before parliamentary recess begins in July, up to 23 bills will be hanging in limbo until the Christian Democratic Party can begin seeking a compromise when Parliament resumes in September.

But it appears improbable that the two parties would strike a deal on key legislation just weeks before voters decide whether Mr. Kohl will stay in power or be unseated by his challenger, Rudolf Scharping, a Social Democrat.

The Bundesrat must decide whether it wants to protect the interests of the federal states or be subservient to the interests of the Social Democratic Party's election campaign, Mr. Rüttgers said.

The Social Democratic Party said the government had forced the showdown with the Bundesrat by trying to force legislation through Parliament too quickly, even to the point of putting off the governments of states that are ruled by Mr. Kohl's coalition parties.

The omnibus bill contained stricter penalties for assault, enabled judges to hold suspects in prison for 8 days without charge and forbade gestures and slogans similar to already-banned Nazi expressions. (AP, Reuters)

### Germans Hold 2 Turks

A dispute over attacks on Turkish children by German youngsters escalated into a melee in which five police officers were injured and a car was set ablaze. The Associated Press reported from Hoescht.

## Germans to Watch Local Votes in East for Signals

Reuters

BONN — Voters in seven of Germany's 16 federal states will elect local councils and mayors on Sunday along with their new deputies to the European Parliament.

Local polls are a weak barometer of national trends because of Germany's decentralized system, but they are being watched closely this year because of the general election on Oct. 16.

The main signal should come from the four eastern states where Chancellor Helmut Kohl's Christian Democratic Union was easily in May 1990 in the final months of East Germany.

The Christian Democratic Union seemed assured of victory this time only in Saxony. The opposition Social Democratic Party is ahead in Thuringia, Mecklenburg-Western Pomerania and Saxony-Anhalt, opinion polls indicate.

Mr. Kohl's party hopes for a clear second place in those three states, ahead of the Party of Democratic Socialism, the former Communists, who have strong local support.

The three western states — Baden-Württemberg, Saarland and Rhineland-Palatinate — last voted for local councils in 1989. They have strong grass-roots voter initiatives that often skewer overall results for the national parties.

Baden-Württemberg will vote for the first time since the Christian Democrats and Social Democrats formed a grand coalition at state level in 1992 because a strong vote for the far-right Republicans blocked any other alliance. Bonn could get a grand coalition in October if small parties block any government led by the Christian Democrats and Social Democrats.

Rhineland-Palatinate is home to both national candidates, Mr. Kohl and the state's premier, Rudolf Scharping, a Social Democrat, and

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Herald Tribune

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## Clang! Here Comes the 42d Street Trolley, Maybe

By Jonathan P. Hicks  
New York Times Service

NEW YORK — Reviving images of urban travel from another era, the City Council has approved a plan to build a trolley line along 42d Street from one side of Manhattan to the other.

Officials said the project would cut traffic, pollution and noise, encourage development on the West Side of Manhattan, and add a spectacular tourist attraction to one of New York City's most congested thoroughfares.

Officials said that they had selected four consortiums of companies to bid on the \$135 million project. The companies would lay the track, provide the rolling stock, and operate the system on a franchise basis.

The cost of the project includes \$60 million in street refurbishing and the replacement of water and sewer lines, which would be paid by the city. The remainder of the cost would be borne by the successful bidder, whose expenses would be recouped through fares and possibly advertising revenues.

There would be no operating subsidy from the city, officials said. They said that if studies validate the cost estimates and if the expected bids materialize, the rail system would open by the end of 1996.

Despite the vote Thursday, the project is still far from a certainty. Engineering studies could determine that the

cost estimates are far too conservative and that the project would not be economical.

Prospective bidders might shun the project if they concluded that the city's ridership estimates — 9 million passengers a year — were too optimistic. The city has not set aside money for the project and will need to revise its capital plan to finance the street rehabilitation.

Officials said that Mayor Rudolph W. Giuliani was committed to the project and would seek state and federal money to help pay the city's share.

Despite the hurdles, the vote was hailed by proponents of the rail system, primarily because it represented the last approval needed by a governmental body to get the project under way. The vote also authorized spending \$750,000 for the engineering study to verify the city's cost estimates.

"It means that the West End of 42d Street will become accessible and developable," said Frederic S. Papert, president of the 42d Street Development Corp., a private nonprofit group, who is a leading advocate of the rail project. "It means that New York will have the tourism attraction that the cable car has in San Francisco. It means that there will be cleaner air in midtown Manhattan. It means new life for 42d Street."

Under the plan, which has been developed by the city's Transportation Department, a fleet of trains would travel

between a terminal near the United Nations headquarters on East 42d Street and First Avenue and end at a pier at the Hudson River at West 34th Street.

The route would include four stops along 42d Street — Grand Central Terminal, the New York Public Library, Times Square, and the Port Authority bus terminal — and one at the Jacob K. Javits Convention Center, at 39th Street and 12th Avenue.

Each train would accommodate up to 250 passengers — there would be two cars per train during rush hours — compared with the 75-passenger capacity of buses.

Transportation Department officials said that when the project is completed, it will take 20 minutes to travel across Manhattan, with the trip from Grand Central to the Port Authority terminal lasting little more than eight minutes. Some trains would travel only between Grand Central and the bus terminal, while others would travel the full width of Manhattan.

The Transportation Department said that the cost of ridership would not exceed the cost of a bus or subway ride, no \$1.25, and that passengers could transfer to 12 buses and the rail system for one fare. The expected 9 million passengers a year would be about a third the ridership of the subway system's shuttle train linking Times Square and Grand Central.

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# THE AMERICAS / WHITE HOUSE POLICY

## Republicans Get Behind North Clinton Importance of Senate Seat Is Decisive for Dole

By Donald P. Baker

Washington Post Service

WASHINGTON — After some head-shaking and stuttering at the nomination of Oliver L. North as the Republican candidate for the U.S. Senate from Virginia, the national Republican Party — with the notable exception of Senator John W. Warner of Virginia — is slowly lining up behind him.

Senator Bob Dole of Kansas, the minority leader, who on Sunday had avoided backing Mr. North, endorsed his candidacy Thursday and gave him the maximum \$5,000 campaign contribution.

Paul Laxalt, former senator from Nevada, who had persuaded former President Ronald Reagan to write a letter in March criticizing Mr. North, said, "Now that Oliver North has won the nomination fair and square, it's time for Republicans to support their nominee. That's what I intend to do."

Mr. North had predicted that party leaders would fall in line because they need a victory in Vir-

ginia if the party is to recapture control of the Senate. Mr. Dole acknowledged as much, saying, "We need 51 Republicans in the Senate so Republicans can help set the agenda for America."

The reconciliation between Mr. Dole and Mr. North was not so great, however, that Mr. Dole would allow the two to be photographed together. "It was a private meeting," said his press secretary, Clarkson Hine.

After the one-hour meeting, Mr. Dole issued a statement that said, "I told Oliver that I will do everything possible to assist in his election to the U.S. Senate, including, of course, campaigning for him in Virginia."

Mr. North said in a statement, "I welcome his full support of my campaign and look forward to having him join me on the campaign trail in the near future."

Mr. Dole's endorsement was in sharp contrast to his comments Sunday about Mr. North, when he was asked if Republicans should

unite behind him. Mr. Dole replied then: "I think it's going to take a while to sort that out," adding, "It makes it very difficult for some in the Republican Party."

Mr. Dole also said Sunday that he planned to meet with J. Marshall Coleman to "see what he has to say." Mr. Coleman, a former state attorney general, is planning to run as an independent and is backed by Senator Warner.

By Monday, however, Mr. Dole was saying that his main priority was winning the Virginia Senate seat for the Republicans. After a meeting Tuesday with Mr. Coleman, Mr. Dole announced, "Notwithstanding our friendship, I could not offer him any encouragement or support."

Mr. Warner remains adamant in his opposition to Mr. North. "What do you think of a man who trashes the Congress by day and then by night he calls and pleads for support?" he said during a break from an Armed Services Committee meeting Thursday.

## Bans All Air Traffic With Haiti

Compiled by the Staff From Dispatches

WASHINGTON — President Bill Clinton announced tighter sanctions against Haiti on Friday, including a ban on all commercial flights, in an effort to pressure Haitian military leaders to step down. "The message is simple," Mr. Clinton said, "Democracy must be restored. The coup must not endure."

He said the ban on commercial airline traffic and restrictions on financial transactions were needed to force out the officers who drove Haiti's first democratically elected president, Jean-Bertrand Aristide, into exile in a coup d'etat in 1991. The new measures intensify a sweeping international embargo on Haiti imposed by the UN Security Council last month.

U.S. officials said they would wait until June 25 before shutting down flights, giving the 6,000 Americans in Haiti the chance to leave. The U.S. Embassy plans to withdraw some of its 150 American employees and dependents.

In Ottawa, the Canadian government said Friday that it would suspend all commercial airline flights to Haiti on June 25.

The ban on financial transactions would halt credit card purchases and most wire transfers of cash. It targets Haiti's only remaining legitimate means of gaining foreign exchange — through the estimated \$150 million to \$350 million in goods and cash sent back each year.

At a news briefing after the announcement, the U.S. special envoy on Haiti, William H. Gray 3d, said that the ban did not apply to "humanitarian activities," and that remittances of up to \$50 a month for Haitians who depend on such funds would be allowed.

He said the measures would prohibit commercial air traffic between the United States and Haiti and would affect private financial transactions between the two nations, including those done through third countries.

The measures were supported by Father Aristide, who has sometimes been critical of U.S. efforts to restore him, and by the Organization of American States. Mr. Gray said.

He said these steps did not eliminate the possibility of U.S. military intervention in Haiti.

"All options are open," he said. "We are pursuing a multilateral policy with our allies."

In his statement, Mr. Clinton again urged Haitians "to avoid risking their lives in perilous boat voyages," noting that the United States was expanding facilities in the Caribbean to process applications from Haitians seeking political asylum in the United States. (AFP, Reuters, AP)



The UN High Commissioner for Refugees, Sadako Ogata, and Justice Harry A. Blackmun of the United States Supreme Court, center, with Mr. Gore during a light moment at the Harvard commencement ceremonies. All three received honorary degrees.

## Gore's Class Salutes Vets

CAMBRIDGE, Massachusetts — Returning to Harvard University 25 years after his graduation, Vice President Al Gore offered a salute to the school's World War II veterans and called for an end to the cynicism that he said had gripped America when he was a student.

Mr. Gore, principal speaker at Harvard's 343rd commencement, was warmly received — both when he hailed the class of 1944 as liberators of Europe and again when he said how proud he was of his class, which is notorious for having helped shut down America's oldest college in protest against the war in Vietnam.

"Without question, because of your service, the world changed in 1944," Mr. Gore said. "I believe the world also changed in important and enduring ways because of the events of 1969, a year of contradiction and contrasts, of glory and bitterness."

Mr. Gore's conciliatory speech came at the end of a week of reunion festivities.

"Back in 1969 our graduating class was in no mood to salute or to celebrate your sacrifice and your achievement," Mr. Gore told the class of '44. But he drew cheers when he added that now, "We salute you." (WP)

## Tobacco Lobby Loses Fight

MIAMI — The tobacco industry, employing the cream of the state's lobbying corps, has failed to win repeal of a new law that allows the state to sue cigarette manufacturers for the billions Florida spends caring for sick smokers.

The failure in the state capital, Tallahassee, to roll back the legislation was seen by health advocates as a major setback for the tobacco industry and proof that the powerful lobby is on the ropes, not just in Washington, but around the country.

"Tobacco sent 50 lobbyists, paid them tremendous amounts of money and gave them the sole assignment of repealing the cigarette bill," said state Senator W. D. Childers, Democrat of Pensacola. "And you know what? They were so strong they couldn't get a single senator to file a bill to repeal." (WP)

## Dispute on an Investigation

WASHINGTON — The FBI and the Justice Department are at odds over whether to curtail an investigation into allegations that Agriculture Secretary Mike Espy accepted personal favors from Tyson Foods Inc., the

poultry processing giant based in President Bill Clinton's home state, according to officials.

While the FBI believes it has not yet exhausted all avenues of inquiry in the investigation, sources reported, high-level Justice Department officials are pressing to close the case because they say investigators have found insufficient evidence that Mr. Espy's actions violated the law.

The inquiry is potentially embarrassing for the president because he has been accused in the past of showing favoritism to the head of the company, Don Tyson, a longtime friend and supporter of Mr. Clinton's.

Attorney General Janet Reno acknowledged at a news conference that the FBI has been investigating allegations that Mr. Espy violated the 1907 Meat Inspection Act by accepting Mr. Tyson's hospitality during a visit to the company's corporate headquarters in Springdale, Arkansas, and by sitting in the company's "sky box" during a Dallas Cowboys football game. (LAT)

## Quote/Unquote

Governor Mario M. Cuomo of New York: "Love immigrants. Legal, illegal — they're not to be despised." (NYT)

## AMERICAN TOPICS

### Beach Curfews, Dusk-to-Dawn, Coming Into Vogue in California

More and more California communities are enacting beach curfews. Nobody is allowed on the beach between nightfall and dawn. Amanda Covarrubias of The Associated Press reports. "This means no more midnight strolls. No late-night stargazing. No listening to the crashing surf and wondering about the meaning of life. But it also means no late-night drunks stumbling to cars. No midnight rap music. No sleepless nights as neighbors wonder, is that a woman being raped or just kids shouting in fun?"

Tom Moran, who lives across the street from the Coronado beach, said: "It was a combat zone in our front yard. It was out of control."

Gruff appeared on their fence. People too drunk to walk, much less drive, stumbled to their cars, setting off alarms they couldn't stop. Loud pops crackled in the distance — sometimes fireworks, sometimes gunfire.

To get things back under control, in the summer of 1993 the town of Coronado closed roughly half its eight miles (13 kilometers) of coastline each night. But critics say the vigilance verges on overkill.

"It's very frightening," says Tom Gutchoff, a criminal justice professor at San Diego State University. "The American people are demanding safety. They're willing to give up their constitutional rights to have that safety."

### Short Takes

The U.S. Postal Service will sell 150,000 sheets of its misprinted "Legends of the West" stamps to reduce the value of the 183 sheets sold by error. It had planned to destroy all 5.2 million sheets of 20 stamps with a face value of 29 cents a stamp after it

was discovered that the wrong person was pictured on the stamp honoring an old-time rodeo star, Bill Pickett. Now, it has decided to maintain a policy of never deliberately creating a stamp rarity. So an additional 150,000 of the incorrect sheets will be sold.

Super-tough glass, while not bulletproof, is "certainly golf ball-proof," says William LaCourse, professor of glass science at Alfred University in Alfred, the "ceramics corridor" town in western New York state where the glass was developed. "The use that we envisioned when we started this was for windows on condominiums built next to a golf course," he said. But other uses might include glass bottles almost as light as plastic ones, windows half as thick and less distorted, virtually soundproof cars with windshields three times tougher than safety glass or eyeglasses with extra-thin — but not extra-expensive — lenses. However, the cost of producing such glass in quantity is yet to be determined.

Washington's Metro, the subway system that serves the national capital, is fighting a federal order intended to aid blind passengers, contending the change would be more dangerous than what it would replace. The U.S. Transportation department wants the granite strip along the edge of the platform raised slightly so the blind can feel the strips and know they are near the edge. But Metro officials say slightly raised strips could cause others to trip and fall into the path of a train.

Deciding to resolve a money dispute with 12-gauge shotguns at 10 paces, Tristram Outsum, 18, and Jonathan Brown Jr., 19, shot it out on a parking lot in Tucson, Arizona, sheriff's deputies say. Each loosed several blasts but failed to hit the other. They were booked for aggravated assault with a deadly weapon, Detective Warren Hock said, because "We don't have a felony stupid rule yet."

The Reverend Thomas Thompson, a theologian at the University of Dayton in Ohio, says it is easy to test the staying power of a new hymn. "Did you hum it on the way home from church?" Father Thompson said. "That's the test of a good hymn." (International Herald Tribune)

## Senate Gives Health Care a Push

By Adam Clymer

New York Times Service

WASHINGTON — National health insurance took two major strides forward in the Senate.

One committee approved a bill, guaranteeing a Senate vote on the issue, and another, perhaps more crucial, committee shifted from general discussion to serious work on new legislation.

By a comfortable 11 to 6 margin Thursday, Senator Edward M. Kennedy's Labor and Human Resources Committee adopted the Massachusetts Democrats' more generous version of President Bill Clinton's proposal. It is the first congressional committee to act and its vote ensures that the full Senate will confront the issue this summer.

At the Finance Committee, whose close partisan and ideological divisions parallel those in the full Senate, Senator Daniel Patrick

Moynihan, Democrat of New York, the chairman, sought support for a detailed new proposal he showed his colleagues for the first time Thursday. It is a less generous plan than Mr. Clinton's.

Senator Moynihan's proposal eliminated several politically popular benefits in the Clinton bill, like prescription drugs and long-term care for the elderly and government insurance for early retirees.

Senator Moynihan's willingness to eliminate those provisions, in a year when he is seeking re-election, made it clear he was seriously pushing for health care legislation and not just acting for show. By cutting the cost of the bill, he is making it easier to pass.

The Clinton, Kennedy and Moynihan plans all rely on employers to buy health insurance for their workers and to pay most of the premiums. Senator Kennedy's bill would exempt employers with 10 or

fewer workers; Senator Moynihan's would exempt those with 20 or fewer, but only for several years.

Senator Moynihan, who has been very skeptical of administration financing estimates, proposed much higher taxes than the other bills did. He would raise the tobacco tax to \$2 a pack, from 24 cents, and impose a 1 percent payroll tax on companies of 500 or more employees. Mr. Clinton proposed a tobacco tax of 99 cents, and Senator Kennedy suggested a tax of \$1.74.

All three measures would seek economies by making individuals buy health insurance through purchasing cooperatives called health alliances. Mr. Clinton would make participation compulsory for almost all Americans, while the two senators would make it voluntary and would give the alliances much less authority.

### Away From Politics

• Ivan, the urban gorilla on display at a shopping mall in Tacoma, Washington, is headed for a new home: Zoo Atlanta. The primate, who has spent most of his 30 years in the mall, will come face to face with the first gorilla he has seen in decades.

• A group of homeless people sued Amtrak, the National Railroad Passenger Corp., alleging that its police officers used excessive force to eject them

from Pennsylvania Station in New York. The 13 plaintiffs seek \$3.5 million in damages. Injuries cited in the lawsuit include teeth being knocked out and a head laceration requiring 37 stitches.

• ABC will introduce a Family Viewing Logo to designate programs "particularly enjoyable for family viewing." The television network's new logo will appear in place of the standard one, in the lower right-hand corner of the screen, at the beginning of each ABC show and several seconds after each commercial break. (WP, AP, Reuters, NYT)

### 4 Killed at Lisbon Airport

Reuters

LISBON — Four men died when the ground collapsed at a Lisbon airport building site, officials said Friday. Air traffic was unaffected.

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## And Now, the Longer Day

### Atomic Clocks to Be Adjusted by a Second on June 30

By Randolph E. Schmid

The Associated Press

WASHINGTON — Time, Shakespeare's "common arbitrator," Pythagoras' "soul of the world," Ovid's "devourer of things," will be slightly longer this month.

Hamlet once lamented that the "time is out of joint," and so it seems on occasion, forcing humans to put things right. Thus, the world's time arbiters have decided to extend June by a second.

This will be the 19th leap second since 1972. That was when scientists decided to let atomic clocks, as accurate as man can devise, run independently of the rotation of the Earth and adjust them from time to time. The last

leap second was on June 30 a year ago.

Days were easy, as concepts of time go, and eventually they were divided into hours, minutes and seconds — with clocks regulated by the cycle of the sun.

That was fine until human ingenuity produced clocks that are extremely consistent and precise. The problem is that Earth isn't as regular as the clocks. It can speed up a bit, or slow down, the result of friction from the oceans sloshing around, perhaps from the atmosphere and other factors scientists do not fully understand.

As the writer Gail Cleere points out in *Natural History* magazine, these tiny corrections may seem eccentric to people interested only in three-minute eggs.

But exact time is needed for modern navigation, with ships and aircraft using satellite signals and radio waves to determine their location. An error of a millionth of a second can produce a position error of a quarter-mile (four-tenths of a kilometer), not good when trying to land a jumbo jet on a runway.

The International Earth Rotation Service in Paris ruled that a leap second was needed this month. In the United States, the process is coordinated by the U.S. Naval Observatory and the National Institute of Standards and Technology.

This year's leap second will come on June 30 at 23:59:59 Greenwich Mean Time. That last second before 0000 GMT will last for two seconds.

## Turks' Plan For Iraqi Oil Hinges On Details

Reuters

ISTANBUL — Secretary of State Warren M. Christopher said Friday that Washington backed Turkey's plan to cleanse an Iraqi oil export pipeline running across its territory, but technical details were still being worked out.

"We have of course agreed in principle that the pipeline should be flushed," he said in Istanbul. Talks on technical details of the operation were proceeding with Turkey and at the United Nations. The problem has not been completely resolved," Mr. Christopher added.

Turkey wants the UN Security Council to approve a technical resolution to let it empty, flush and refill the 985 kilometer (610 mile) pipeline, disused since Ankara closed it in response to Iraq's invasion of Kuwait in August 1990.

There are about 12 million barrels of crude oil in the pipeline, which runs from Iraq's Kirkuk oil fields to a Turkish Mediterranean terminal. Of this, Turkey says it owns 3.5 million barrels.

Mr. Christopher said the Turkish prime minister, Tansu Ciller, had stressed the importance of flushing the pipeline when they met on Thursday on the sidelines of a NATO foreign ministers' meeting.

Ankara says its proposals do not violate UN trade sanctions against Baghdad because oil from the pipeline would be refined and sold in Turkey, rather than sold on the world market, and no money would go to Iraq.

Most of the proceeds would go to buying humanitarian goods for the Iraqi people as approved by the United Nations. Some would flow to a UN compensation fund for victims of the Gulf War.

"The proceeds of the flushing would be handled in a way consistent with the UN resolution," Mr. Christopher said.



An officer at play Friday at a U.S. base near Seoul. In the background are Patriot missile launchers.

## Defiantly, Lawmaker Pleads Not Guilty

The Associated Press

WASHINGTON — Representative Dan Rostenkowski pleaded not guilty on Friday at his arraignment on 17 corruption charges and defiantly proclaimed, "I will be vindicated."

Indicted last month, the Illinois Democrat entered his plea in U.S. District Court a few blocks from the Capitol, where as chairman of the House Ways and Means Committee he reigned as one of the most powerful lawmakers in Congress.

Later, he said his new attorney, Dan Webb, said there would be a vigorous defense.

"The truth is the congressman is innocent of all wrongdoing," said Mr. Webb.

Mr. Rostenkowski went before U.S. District Judge Norma Holloway Johnson for the beginning of what is likely to be a protracted legal battle over charges that he converted nearly \$640,000 in federal money to personal and family use. He is also charged with obstructing justice by trying to persuade a witness not to give damaging testimony to prosecutors.

The arraignment came after Mr. Rostenkowski had spurned a widely reported plea bargaining agreement with federal prosecutors and parted company with Robert S. Bennett, the Washington lawyer who negotiated it.

"I am not guilty. I will fight these false charges and will prevail," Mr. Rostenkowski said on the courthouse steps after entering his plea.

"I will wash away the mud that has been splattered on my reputation," he said. "Some ask me, 'How could you have done this?' The answer is simple. I didn't do it."

Mr. Webb, a former U.S. attorney and prosecutor in the Iran-contra case, suggested that the first line of defense would be a constitutional challenge.

"This indictment raises some grave and serious constitutional concerns," he told a crowd of reporters as Mr. Rostenkowski stood by his side. "Who determines what are official expenditures? We will examine that."

The charges allege that Mr. Rostenkowski hired ghost employees, arranged for kickbacks, tampered with a witness and received illegal cash at the House Post Office.

## CANADA: Rising Anger

Continued from Page 1

er battles ahead. But some political pundits, and many pro-union militants, are telling Mr. Chrétien that the time has come to confront the separatist scourge squarely. Peter C. Newman, a historian and columnist, said recently that the time for Canadian "neo-nationalism" is over.

"To hell with common sense, one-sided decency and compromise," he wrote in *Maclean's* magazine. "You don't win a country that way, and you shouldn't lose one either."

Parti Québécois leaders may leave no doubt elsewhere in Canada about their separatist intentions, but polls indicate that Quebecers themselves remain confused about the meaning of "sovereignty" and the consequences of independence. Lamproving their indecision, the Montreal comedian Yvon Deschamps quipped that what Quebecers really wanted was "an independent Quebec — within a strong Canada."

The last time they were asked to endorse a form of sovereignty, in a 1980 referendum, Quebecers voted "no" by 60 to 40 percent. Analysts in and outside the province say Quebecers today would shy from endorsing outright separation by nearly the same margin.

But Parti Québécois partisans and some commentators say 1995 could be different from 1980. The presence of Mr. Bouchard's Bloc Québécois, the federal Parliament has given separatism a respectability and political lift. If the Parti Québécois is victorious this year, separatists would dominate the power structure throughout Quebec — they did not in 1980 — and the theory goes, could rally troops to vote for separation.

## Polish Sejm Votes To Ease Abortion

The Associated Press

WARSAW — The leftist-dominated Parliament on Friday relaxed Poland's strict anti-abortion law to allow women to terminate pregnancies when they are in a difficult personal situation.

However, the law may not take effect because President Lech Wałęsa, a devout Roman Catholic, has pledged not to sign it. It remains uncertain that pro-choice deputies can put together a two-thirds majority needed to override a veto.

In a 241 to 107 vote with 32 abstentions, the Sejm, the lower chamber, amended a 14-month-old law that allowed abortions only when the pregnancy endangered the mother's health, if it resulted from rape or incest, or when the fetus was irreparably damaged.

Previously, the United States had expressed negative opinions about the worth of such a conference.

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## BOSNIA: Commander Believes the End Is in Sight

Continued from Page 1

and military supplies from getting through to Bosnia, to no longer do so.

At the moment, the navy has two ships, a cruiser and a destroyer, in the Adriatic Sea dedicated to blocking arms and enforcing a no-flight zone. A total UN task force of 20 ships from 11 countries is enforcing the arms embargo in the Adriatic.

The House measure also authorizes Mr. Clinton, but does not require him, to send up to \$200 million in defense materiel and services to Bosnia if the government asks for it.

Although Mr. Clinton in the past has called for an end to the embargo, he sent some of his most important officials to Capitol Hill on

Thursday morning to argue against such a move. General John M. Shalikashvili, chairman of the Joint Chiefs of Staff, Secretary of Defense William J. Perry, and Deputy Secretary of State Strobe Talbott pleaded with House members not to vote to lift the embargo.

In addition, Mr. Clinton said in a letter to members that such action would wreck the current peace talks in Geneva.

Under the cease-fire accord Friday, the combatants also pledged to release prisoners of war, but a planned swap of 15 detainees on Friday was postponed.

The International Committee of the Red Cross said it had invited Bosnia's warring factions to Sarajevo airport on Saturday to discuss the prompt release of all 900 prisoners believed to be held.

UN officials hoped the cease-fire would halt fighting on a 1,200-kilometer (750-mile) front and provide a breathing space for a U.S.- and Russian-led "contact group" to present a peace plan to the combatants.

The temporary truce fell far short of an original UN proposal, which called for a four-month cessation of hostilities, a separation of forces and the interposition of UN peacekeeping troops.

Bosnian Muslims have opposed a longer cease-fire. They fear a repetition of the situation in Croatia, where a UN-supervised cease-fire has effectively cemented Serbian war gains in place, to the fury of the government in Zagreb.

The UN's chief envoy to former Yugoslavia, Yasushi Akashi, and other international mediators have proposed that the Serbs retain 49 percent of territory, with 51 percent going to the Muslim-Croatian federation.

Speaking of Serbian willingness to make peace along those lines, General Rose said, "They are ready to give up a considerable swathe of territory." He said front-line Serbian soldiers told him there was no point in capturing territory they know they will have to give up.

In other diplomatic developments Friday, President Boris N. Yeltsin of Russia called for permanent contacts between Moscow and Washington on solving the conflict.

"We will meet with President Bill Clinton soon to study the question again," he said at a press conference, adding that the two men had discussed Bosnia during "a recent telephone conversation."

He conceded that the United States and Russia had "a different approach on resolving the Bosnian problem." Without specifying these differences, Mr. Yeltsin called for "permanent contacts" between the two governments.

The two men are to take part in a meeting of the heads of state of the G7 industrialized nations in Naples from July 8 to 10.

In Geneva, Tadeusz Mazowiecki, the UN special investigator into atrocities in the fighting, said that Bosnian Serbs had committed war crimes in Gorazde. He issued a report saying nearly 2,000 people were wounded and 700 killed in the Serbian assault in March and April.

"It is clear that war crimes have been committed in Gorazde," he said.

(Reuters, AP, NYT, AFP)

## Rebels Threaten To Kill Hostages In Philippines

Reuters

SAMPINIT, Philippines — Muslim extremists who have already murdered 13 Christian hostages in the southern Philippines threatened Friday to kill the 21 they were still holding unless government rescue efforts halted.

"The moment our troops will close in on them, they will start executing their hostages one by one," said the chief government negotiator, Jerry Salapuddin.

He spoke after a two-hour initial meeting with two commanders of the Abu Sayayf group holding the hostages on Basilan Island.

Mr. Salapuddin, who is governor of Basilan, said the hostages, 16 women and five men, were unharmed but had been split up to thwart any rescue attempt.

He quoted the Abu Sayayf leaders as saying they killed the 15 hostages in reprisal for "summary executions" by the military of civilians in the Muslim-dominated region.

In Manila, President Fidel V. Ramos ruled out paying any ransom to the kidnappers.

## KOREA: U.S. Wins Moscow's Support of Sanctions

Continued from Page 1

ter of nuclear attack by North Korea in the event of a new Korean war, and said that Washington and Seoul were looking at "scenarios" for any such plans by Pyongyang. Reuters reported from Washington.

"We are significantly increasing our intelligence assets in the region and we are analyzing scenarios that give importance to weapons-of-mass-destruction use" by North Korea "in a possible armed conflict," said Ashton B. Carter, assistant secretary of defense for nuclear security and counterproliferation.

He also said that the United States would quickly send more warplanes, ships and troops to the tense peninsula in case of trouble, and said that U.S. and South Korean forces would soundly defeat Pyongyang in any new conflict.

The United States has said that North Korea, which has refused to allow international inspection of its nuclear program, is actively involved in developing atomic weapons and may already have one or two nuclear devices.

In a speech at a conference sponsored by the American Bar Association on international control of nuclear, chemical and biological weapons, Mr. Carter noted that the North had ballistic missiles. "They may have other things as well," he added.

He did not elaborate on whether North Korea might seek to drop a nuclear bomb or use a terrorist device in the heavily populated northern sector of South Korea.

But he stressed that it was important the United States and South Korea "take steps to enhance our preparedness for such use."

Despite his suggestion that North Korea might use nuclear weapons in desperation, Mr. Carter said he did not think there was any confusion in Pyongyang about the ability of joint U.S. and South Korean military power "decisively to defeat the North."

President Bill Clinton met Friday with senior defense and foreign policy advisers at the White House as the United States continued to press for approval of UN sanctions.

The White House press secretary, Dee Dee Myers, said that Mr. Clinton had spoken Thursday night for nearly an hour by telephone with President Kim Young Sam of South Korea.

"They talked about North Korea, about their mutual commitment to taking additional steps and taking it up with the Security Council," she said.

## NATO: Russia Accepts Partnership Offer

Continued from Page 1

respect for its unique position in Europe.

Two weeks ago, the Russian defense minister, Pavel S. Grachev, declared that his country would unconditionally join the military co-

operation plan but also wanted a "full-blooded strategic partnership" to be enshrined in a formal treaty or protocol.

The NATO allies balked at granting legal recognition for Russia's role and rejected any notion

that Moscow could exercise veto powers over NATO's decision-making process. That stand was taken largely to reassure anxious East European states that the West would not permit Russia to dictate its will over their security interests in the post Cold War world.

"European stability depends on all countries respecting the sovereignty, independence and territorial integrity of all the states that emerged from the Soviet empire," Mr. Christopher told ministers from the 16 countries that belong to NATO, and their new Eastern partners.

"No country should assert a role that is inconsistent with international norms," he said. "In a democratic, undivided Europe, there should be no more lines of division, and no more spheres of influence."

Mr. Christopher and other Western ministers have tried to assure their counterparts in Eastern Europe that NATO's future relationship with Russia will be conducted in a transparent manner and that there would be no hidden deals similar to the Yalta plan which divided Europe into rival camps — that would affect their security.

But Poland's foreign minister, Andrzej Olechowski, voicing concerns of several Eastern states still fearful about being overwhelmed by their large Russian neighbor, warned NATO against cultivating a dialogue with Moscow that would ultimately lead to "the marginalization of smaller states in the region."

He insisted that Russia must enter the military Partnership program on the same basis as any other Eastern state and not be accorded special treatment.

While the United States believes that Russia must not be granted any special concessions to sign up for the Partnership program, the Clinton administration has been trying to alleviate Moscow's complaints that the West is not paying enough attention to its views.

In appearing before reporters in Istanbul with Mr. Kozirev by his side, Mr. Christopher acknowledged differences on a range of issues but said the United States had decided to back Russia's proposal for an international conference on the crisis over North Korea's nuclear capability.

Previously, the United States had expressed negative opinions about the worth of such a conference.

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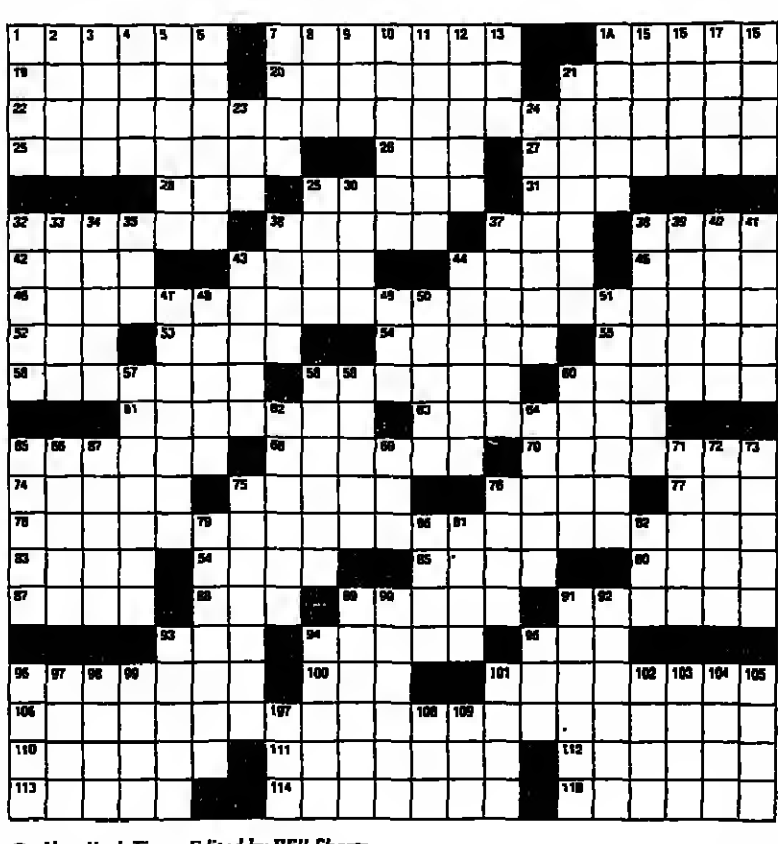
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**Herald Tribune**

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## Burundians Watch in Horror

### Memories of a Previous Tribal War Linger

By Keith B. Richburg  
Washington Post Staff Writer

**BUJUMBURA, Burundi**—The convulsion of violence in Rwanda appears to have had a calming effect on Burundi, which has the same ethnic mix and turbulent history of tribal massacres as its neighbor but has managed to escape the slaughter that descended on Rwanda when a plane crash killed the presidents of both countries.

Watching the massacres in Rwanda "scared the hell out of them," a diplomat said, referring to Burundi's 85 percent Hutu majority and 15 percent Tutsi minority that mirror Rwanda's ethnic composition.

Diplomats, aid workers and UN officials here in the capital also suggest that the memory of Burundi's most recent experience in ethnic bloodletting is fresh enough to stay any impulse to commit tribal slaughter there again.

Burundi's first democratically elected Hutu president, Melchior Ndadaye, was assassinated in an October coup attempt by Tutsi army officers.

Hutu went on a four-week rampage against Tutsis, killing an estimated 100,000 people before the army put down the uprising. The trauma of that violent spasm still lingers in Burundians, according to foreign observers here.

"People say this place might be next, but that's erroneous because they've already had their," a senior Western diplomat here said. "This country already had its own trauma."

After the April 6 plane crash in Kigali, Rwanda's capital, killed its two presidential passengers, Cyprien Ntaryamira of Burundi and Major General Juvénal Habyarimana of Rwanda, the parliamentary leader of Burundi, Sylvestre Ntibunganya, took over as interim president and immediately named a crisis committee that included politicians and officials of the Tutsi-dominated military — "a cross section of the Hutu-Tutsi spectrum," the diplomat said.

These officials, as well as church leaders, traversed Burundi, appealing for calm mainly by reassuring villagers that the Burundian president's death was an accident and that the real target of the alleged attack on the plane was Rwanda's president.

The cause of the crash has not been determined, but witnesses said the plane appeared to have been hit by a rocket, while landing. One effect on Burundi of Rwanda's slaughter — estimated to be between 200,000 and 500,000 people — may have been to reinforce

those moderate politicians and military leaders on both sides who are grappling to find an acceptable power-sharing arrangement that can prevent another bloody conflagration here.

Hutu and Tutsi leaders have been meeting constantly, but informally, with the interim president, Mr. Ntibunganya, trying to come up with an acceptable choice for a new president. They also are trying to devise a formula that will guarantee the rights of the Hutu majority, while providing safeguards for the Tutsi minority.

According to one source close to the talks, the Tutsis are demanding the complete disarmament of civilians, particularly armed Hutus in villages where massacres of Tutsis took place last fall.

The Tutsis also are demanding that all Hutu public officials accused of participating in those massacres be dismissed. Some Hutu politicians have been accused of arming Hutu civilians.

The Hutus, for their part, want to see an end to Tutsi domination of the armed forces and are asking for at least 50 percent of the military to become Hutu through recruitment. The Hutus are also seeking the arrest and prosecution of military officers involved in the killing of Mr. Ndadaye.

The talks so far have been characterized mainly by mutual suspicion, and no small measure of fear, between two long-warring tribes that are more accustomed to killing each other than talking face-to-face. And both sides are finding that after years of ethnic violence, compromise around a negotiating table can be almost as difficult as outright warfare.

"A lot of checks and balances have to be implemented, if we don't want to see in a few years a massacre of a minority," said a UN official, who is helping to bring the two sides together.

He said the talks were particularly difficult for the Tutsis, who are used to dealing with the Hutu population from a position of military strength and are unaccustomed to the give-and-take of negotiation.

"The Tutsis have a superiority complex," he said. "They feel the Hutus are not capable of governing."

There's a delicate balance here they're trying to strike, a Western diplomat said. "If the military picked up all the putschists from October, there might be an overreaction from the Tutsi community. And if they go around arresting the people involved in the killings of October and November, there might be an overreaction from the Hutu community. This is the dilemma for this country — or one of them."

What almost everyone here agrees on is that Burundi's fragile political future is hostage to events beyond its borders. Rwanda's civil war and tribal killings, and the possibility of a victory by Tutsi rebels of the Rwandan Patriotic Front, add explosive elements to the mix here that could do more than the power-sharing talks to determine whether Burundi remains calm or falls into a cycle of violence.

Relief workers and diplomats here say military gains by the Tutsi rebels in Rwanda have emboldened Tutsi extremists in this country, making them less flexible in negotiations with Burundi's long-suppressed Hutus.

And for some of the extremists in the Tutsi military, a UN diplomat said, the publicizing of more and more Hutu massacres in Rwanda, coupled with rebel military gains, "has given them the deep conviction that they should never have Hutu domination here."

"They've always had the idea that Hutus want to exterminate them," he said.

The other impact of a rebel victory in Rwanda might be a huge refugee exodus of Rwandan Hutus into Burundi — many of them the militia men responsible for carrying out the mass slaughter of Tutsis.



Major Jean-Guy Plante, left, examining shrapnel from a grenade that struck the UN site in Kigali.

## UN Sees No End To Rwandan War

By Keith B. Richburg  
Washington Post Staff Writer

**NAIROBI**—The commander of the small United Nations troop detachment in Rwanda said Friday that his efforts to broker a ceasefire in the civil war had shown no signs of success, and he predicted more fighting and more massacres.

"The horror show continues," Major General Romeo Dallaire said in the Kenyan capital. "I would love to see a truce, but I think there is still some fighting to be done," said General Dallaire, offering a bleak assessment for Rwanda more than two months after the country was convulsed by a systematic campaign of genocide and a civil war that has claimed as many as 500,000 lives and left millions displaced.

"Both sides still have resources and a capability to fight on," General Dallaire said. The general's prognosis matched that of other UN diplomats and aid officials, who now fear that the fighting will lead to widespread hunger and starvation for more than 2 million refugees.

The daily air flight to Rwanda's capital, Kigali, has been suspended all this week after the Canadian Air

Force plane was nearly hit by mortar fire at the airport.

Those flights, bringing in mostly high-protein biscuits, had been the lifeline for thousands of Rwandans sheltering in squalid conditions in makeshift refugee camps.

Aid groups report they have large food stockpiles in at least six warehouses around Kigali, but they have been unable to get to the food and distribute it because of heavy fighting along the major highways.

General Dallaire said he had started seeing people with bloated bellies around the capital, the first sign of malnutrition and starvation.

The United Nations in recent weeks had made some progress in evacuating more than 2,000 displaced people from Kigali in convoys, but those evacuations also have been suspended because of the fighting and a lack of fuel for UN vehicles.

Only about 50,000 civilians are thought to be in Kigali, and virtually all of them are in need of food, according to aid officials.

On Wednesday, the UN Security Council gave final approval to a plan to send 5,500 peacekeepers to Rwanda to protect humanitarian supplies and assist the displaced.

## Slain Catholic Bishops Had Urged Peace Effort

By Alan Cowell  
New York Times Staff Writer

**ROME**—Two months before they died, the three Roman Catholic bishops killed in Rwanda this week had joined in an impassioned plea for peace negotiations between government forces and the rebels who were reported to have committed the killing.

The Catholic bishops of Rwanda urged the government and the Rwandan Patriotic Front to avoid the logic of war to settle their disputes, the Rwandan Catholic Bishops' Conference said in an appeal in April, after the eruption of the latest round of ethnic killing. "May they do everything possible to stop the bloody troubles in some parts of the country so that they do not consume the rest of the country."

The pastoral letter was signed by Thaddeé Nsengiyumva, the president of the bishops' conference, who was reported slain along with Vincent Nsengiyumva, the archbishop of Kigali, and Joseph Ruzindana, bishop of Byumba. They were said by the rebel radio to have been slain by four Tutsi

rebels at Kabagayi, south of the capital, Kigali. The Vatican this month asked the United Nations Security Council to declare a safe area at Kabagayi to protect 38,000 mainly Tutsi refugees, but since then, Kabagayi has fallen to rebel forces.

Archbishop Nsengiyumva, a Hutu, was the leading Catholic prelate in Rwanda. He was born in the Ruhengeri region in 1936 and ordained a priest in 1966. He had been archbishop of Kigali since April 1976. He was at Pope John Paul II's side when the two men celebrated Mass during a papal visit to Rwanda in September 1990.

"Our country is small, with many problems and disadvantaged from many points of view," the archbishop said at the time, "but we are happy and proud to live here."

Archbishop Nsengiyumva last paid an official visit to Rome with other Rwandan clerics in May 1992. During a synod of African bishops here in April, he refused to leave his country to attend because he wished to stay with his congregants.

## BOOKS

**JUST DO IT: The Nike Spirit in the Corporate World**

By Donald Katz. 336 pages. \$23. Random House.

**Reviewed by John Burgess**  
S Michael Jordan real? On the last page of this very readable book, we learn how the author's 4-year-old son posed this question at bedtime one night. Yes, indeed, thought Dad, I'm tackling an important subject. In the mind of the boy, the "dream makers" at the sports-shoe company Nike Inc. had transformed Jordan and other athletes into mythical superheroes whose existence apart from the images and sounds emitted by a television set was in doubt. Millions of adults around the world feel that way, too. They worship Jordan. And, not coincidentally, the shoes on his feet.

It's hard to believe it now, but a sneaker was once just a sneaker, humblest, plainest member of the footwear family. Then came the 1980s and sports shoes in a thousand designs, hues and prices. They acquired high-tech, bubble-injected soles and names such as Air

Carnivore. They became the basis of a multimillion-dollar global trade and of a new kind of fashion on-umpire. Some became so costly and desirable that in inner-city neighborhoods gunfights erupted over them.

More than any other company, it was Nike that placed the sports shoe alongside the VCR and imported car as the new icons of American consumer culture. By 1993 Nike was a \$4 billion-a-year operation employing 10,000 people. About 77 percent of American males between the ages of 18 and 25, one study showed, wanted Nikes. Its "Just Do It" slogan had become second nature to an entire generation.

The tale begins in 1963, when a young accountant and early convert to fitness and running named Philip Knight presented himself at a shoe company in Kobe, Japan. Cheap athletic footwear was one of Japan's early exports, and this company had a now-forgotten brand called Tiger. Knight and a partner bought 1,000 pairs for \$1,000. Over the following year, he hung out at high-school track meets in his spare time and sold shoes out of the back of his car. Things kept

right on going. One of the world's most dynamic entrepreneurs was starting to make his mark.

Nike's rise was found-*ed* in large part on taking athletic endorsements to a new plane. An ad in Sports Illustrated cost tens of thousands of dollars, but Nike athletes in Nike shoes were pictured free on page after page. Nike paid big; it liked attitude in its clients. If they thumbed their noses at the "sports bureaucrats," it was a march made in heaven. Such was Nike's tie-in with John McEnroe, whose tennis-court antics helped to scuttle the sport's until-then unshakable tradition of white dress and gentlemanly behavior. (There is a building at headquarters in Beaverton, Oregon, named after him.)

Many of these "Nike guys" developed unshakable loyalty to the company, as the world saw at the Barcelona Olympics with basketball's Dream Team. Members touched off an international incident by covering up the Reebok logos on awards jackets they were required to wear on the medal stand. "All of us on this team are hired guns," Katz quotes Jordan as saying. "So let's not pretend we're anything else."

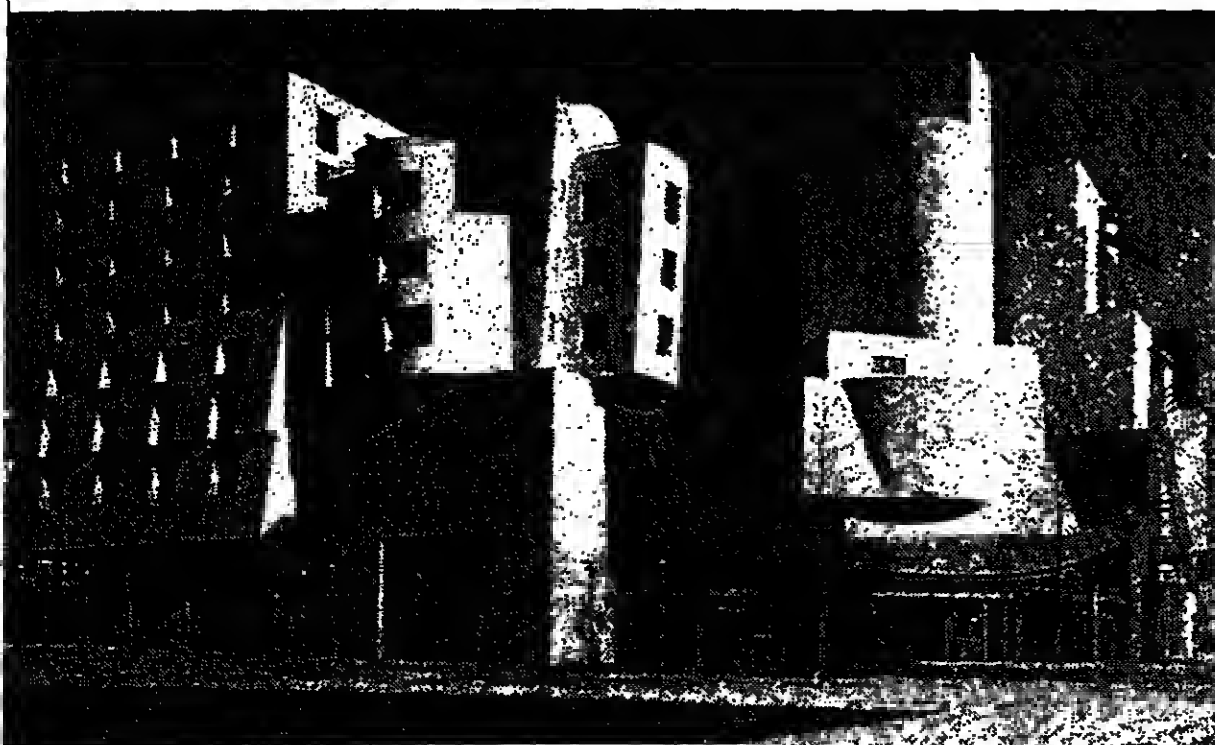
From the outside, Nike was often seen as the single most culpable corruptor of sports. For the pros, no sum was too high — tennis star Jim Courier signed a six-year, \$26 million deal. Nike, its critics said, assured that athletes would view endorsements as the real purpose of physical excellence. The company took beat as an exporter of jobs to low-wage factories in Asia.

Sports junkies will find nuggets on many of this book's pages. Katz reconstructs negotiations that Shaquille O'Neal conducted with Nike over a possible endorsement contract (he wore a Reebok jacket onto Nike's Beaverton "camps"; the deal didn't happen). All in all, this is a good read for fans and for students of business and marketing alike.

John Burgess is on the staff of the Washington Post.

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At left, Emperor Michiko of Japan waving to the crowd Friday before they left on a 17-day visit to the United States.

## Japan's Emperor Begins Mission to U.S.

By David E. Sanger  
New York Times Service

TOKYO — There is nothing simple about sending the emperor of Japan on a two-week tour, especially when the destination is the United States.

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It does not hurt that this is the first royal couple in two millennia who might actually enjoy a tour of Monticello, a weekend in the Rocky Mountains, or a few innings at the Cardinals-Pirates game in St. Louis. All three

The image-makers have been so busy that, suddenly, imperial candor and a public sharing of pain, within carefully defined limits, of course, are permissible. To the astonishment of the Japanese press, Empress Michiko, who is 59, did the unthinkable last week: She talked

about the mysterious illness, presumed to be some kind of nervous breakdown, that left her unable to speak last fall.

But new and youthful as the imagery may be, Akihito is still dogged by the war that was launched in his father's name. He has spent much of the last five years on an "apology tour" of the region, including the first visit of a Japanese monarch to China. He has also swung down through Southeast Asia.

"These were training missions," a Japanese diplomat joked the other day. "America's the big leagues." Since nothing is done lightly in the palace, the emperor has spent weeks boning up on contemporary America.

A small group of American reporters was even invited for a no-quotations-please audience over coffee at which the emperor and empress chatted about their lives and inquired about the United States while legions of nervous aides circled.

It is within the bounds of the ground rules to say that the emperor expressed his understanding that two countries as big as America and Japan will go through a lot of ups and downs, but he is looking forward to seeing if squirrels still populate the parks of Washington, and he was amazed, during a trip through the Rocky Mountains years ago, that his limousine drove for hours without passing more than a handful of people. Try that in Japan, he said.

Anything beyond such chitchat, though, is left to the hands of the professionals in the Foreign Ministry, who script every word and calibrate every expression of regret. They were the ones, it turned out, who created a miniature crisis here before the emperor was even packed.

It arose when someone decided to send the emperor to Honolulu to meet Japanese-Americans. How could he go to Honolulu without stopping off at the memorial over the sunken USS Arizona?

If the emperor himself has thoughts on this, he is, as always, keeping his own counsel. "In World War II, many lives were lost, many people were wounded, and many people suffered," he wrote recently, nearly ducking a written question about whether Japan should keep apologizing for events that happened half a century ago. "My heart grieves deeply because of this."

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سكدا من الامم



Rayeh Odeh, a Palestinian prisoner, hugging his mother in Jericho Friday after he was provisionally released by Israel, which freed 287 Palestinians but has confined them to the Gaza and Jericho areas.

## Yeltsin Advises Military to Tighten Belts

By Fred Hiatt

Washington Post Service  
MOSCOW — President Boris N. Yeltsin, appearing relaxed and confident in an independence day news conference, on Friday firmly rejected military lobbying for more funds, saying the army instead should get on with the business of retrenchment.

Russia's generals have been furiously campaigning for more money, warning of insurrections from soldiers and strikes in arms plants if the military budget is not increased. Many observers predicted that Mr. Yeltsin, rescued by the army during an uprising against him last fall, would take the generals' side.

But when a correspondent of the official Krasnaya Zvezda newspaper asked Mr. Yeltsin on Friday what he would do to help the 75 percent of officers' families now living in poverty, the president offered little sympathy.

"The army should be more active in cutting the number of servicemen," Mr. Yeltsin said. "I cannot understand their hesitation." He added, "Second, it is necessary to cut orders for military equipment."

Mr. Yeltsin met with the press to mark the fourth anniversary of Russia's June 12 declaration of sovereignty, an event that took place while the republic was still part of the Soviet Union. Despite various reports that he was in poor health or losing interest in public affairs, he appeared well-prepared and even jaunty on Friday, joking with

reporters and answering every question with assurance.

He seemed eager, above all, to present a picture of a nation that had surmounted its worst crisis and entered a period of troubled but relatively normal politics.

"I don't think it is an exaggeration to say that a new political reality has been formed in the country," Mr. Yeltsin said. "We now have an opportunity to focus our efforts on creative activities, on alleviating economic and everyday problems of average people."

Reassessing his role in economic policy-making, he announced a series of decrees intended to speed reform. They included measures to introduce home mortgages to Russia and to regulate the securities market. Mr. Yeltsin said he also was preparing to allow foreign banks to assume a more active role in Russia.

Mr. Yeltsin intervened in a feud between two of his supporters: his privatization chief, Anatoli Chubais, and the mayor of Moscow, Yuri Luzhkov, who wants to write his own rules for privatizing the capital's housing and industry. While rejecting criticism of Mr. Chubais as unfair, Mr. Yeltsin came down solidly on Mr. Luzhkov's side, saying that Mr. Chubais should not interfere in Moscow.

He also promised new measures to combat crime, which he said "has become the scourge of Russia."

Russia is making progress incorporating itself into the West, Mr.

Yeltsin asserted. He said he expected to travel to Greece on June 23 to sign an economic agreement with the European Union. At the next meeting of leading western industrialized nations, Mr. Yeltsin said, he expects to be a full partner in the political discussions, though not the economic ones.

Mr. Yeltsin also reiterated that Russia eventually would sign the Partnership for Peace protocol with the North Atlantic Treaty Organization, although he suggested that further negotiations on conditions might be needed.

The army's lobbying for more funds comes amid a widespread industrial slump that has begun to cause unemployment while dramatically reducing the government's tax revenues. At the same time, at the urging of Western financial institutions, Russia has been seeking to narrow its budget deficit in order to tame inflation.

Marshal Yevgeni Shaposhnikov, the last Soviet defense minister and a former national security adviser to Mr. Yeltsin, recently warned of impending disaster caused by regional leaders' jockeying for military support, by a loss of ideological underpinnings and by "the absence of financing."

These three factors, he said, "will result in an explosion which can make the army unmanageable."

The military has been seeking an increase in its 1994 budget from 37 trillion rubles (\$19 billion) to 55 trillion rubles. The lower house of Parliament this week voted to in-

crease its budget, but only to about 40 trillion rubles.

Mr. Yeltsin said Friday that he would support an extra 1 trillion rubles for the army in "off-budget" funds. But he rejected a whole-sale increase.

"We cannot, society cannot, today maintain a 3-million-strong army," he said. "The whole of the Soviet Union had 3 million, and Russia has 3 million servicemen. Therefore, cuts in the armed forces is one of the major problems which the army itself should resolve."

## Mandela Trims Prison Terms

The Associated Press

JOHANNESBURG — President Nelson Mandela's government cut six months off almost all prison sentences Friday to halt rioting in several prisons that has caused two deaths and scores of injuries. Unrest by inmates in at least six prisons throughout the country appeared to have ended as night fell.

Correctional Services Minister Siphosizwe Mzimela announced the "across the board" sentence reduction for most prisoners, except state debtors and the mentally ill.

The leader of the South African Prisoners Organization for Human Rights then called off the mass protests he advocated earlier this week.

## France Honors 642 Massacred By SS in 1944

ORADOUR-SUR-GLANE, France (Reuters) — President Francois Mitterrand led a solemn commemoration Friday of 642 villagers massacred by German SS troops four days after the D-Day Allied landings in Normandy.

Mr. Mitterrand visited the ruins of the village that was the scene of the worst Nazi atrocity in France.

In methodical slaughter, soldiers of the SS regiment Der Führer and the tank division Das Reich entered the quiet village in rolling hills near Limoges on June 10, 1944, rounded up all the male villagers in six barns, machine-gunned them, covered their bodies with hay and set fire to them.

The women and children, the youngest 8 months old, were locked in the village church and blown to pieces or asphyxiated by the detonation of an ammunition box placed behind the altar. Only five men and a woman survived.

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## Palestinians Get Financial Help

International Donors Come to the Rescue With Pledges

By Alan Riding

PARIS — Facing a severe cash-flow problem just as they begin administering Gaza and Jericho, Palestinian authorities on Friday obtained some relief from the international community as donors pledged an additional \$42 million of aid to cover start-up costs.

Nabil Shaath, who headed the Palestinian delegation to a two-day meeting with donors here, said the outcome was "much better than expected" and would help set up a Palestinian national authority "that can survive on its own."

Mr. Shaath said he was hopeful that a further \$35 million worth of emergency aid would be pledged at another donors' meeting scheduled to be held here July 10 and 11. "I think they understand the timing of the aid is as important as the amount," he added.

This week's meeting was chaired by Jan Egeland, Norway's deputy foreign minister, whose government helped broker the peace accord between Israel and the Palestine Liberation Organization. Israel also sent Uri Savir, a senior Foreign Ministry official, to support the Palestinian case.

"We believe the Palestinian side has created the necessary conditions for progress," Mr. Savir said at a news conference. "We need the economic ingredient to make the Palestinian authority a success. This is a boost for the Palestinian economy and for continuing the peace process."

In October, donors led by the European Union, the United States, Japan, Norway and Saudi Arabia pledged \$2.4 billion in aid over a five-year period, with some \$700 million due to be disbursed in 1994 to set in motion programs to

improve hospitals, schools and local infrastructure.

But two problems have arisen: The PLO was slow in establishing mechanisms that reassured donors of "transparency and accountability" in the use of their funds; and the donors themselves minimized the short-term costs involved in setting up the new governing authority in Gaza and Jericho.

"In hindsight, we might have been better at seeing the need for recurrent costs," Mr. Egeland said. "We went in with long-term projects. Few donors made allocations for the Palestinian police. Maybe we should have done so, but we did not. So we're having to shift some long-term aid towards start-up expenses."

The Norwegian official said that donors had been asked to assign 25 percent of their 1994 pledges to cover these immediate needs. "We hope not to have to convert development resources into current expenditure in the years ahead," he noted.

Mr. Shaath, the chief negotiator of the Palestinian self-rule agreement with Israel last month, said the Palestinian police, now numbering close to 7,000, had received their salaries for April and May. After the \$42 million is disbursed, he added, the police budget should be covered through the end of August.

"We're not interested in recurrent expenses that need recurrent aid," the Palestinian delegate went on. "But it was this critical gap that scared us. We were going into a venture for which we lacked the start-up money."

A detailed breakdown of the new aid was not made available, but Mr. Shaath said the United States, Norway, Saudi Arabia, Canada and Japan had all contributed additional resources. He added that the 12-nation European Union, which has already pledged \$600 million through 1999, was still the largest donor.

Caio Koch-Weser, a World Bank representative, said he was confident the crisis had passed.

"This is a partnership between

the Palestinian authority and the donors that now works," he told reporters, adding that the Palestinians' budget for 1994 is fully funded and the new Palestinian Economic Council for Development and Reconstruction is "up and running."



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# Herald Tribune

PUBLISHED WITH THE NEW YORK TIMES AND THE WASHINGTON POST

## Rein In the Korea Crisis

To pressure North Korea into compliance with the Nuclear Nonproliferation Treaty, the Clinton administration is trying to mount a credible threat of United Nations sanctions. But some recent signs of diplomatic gridlock have only provided new arguments for reckless Washington hawks who already clamor impatiently for a more belligerent unilateral U.S. stand. Fortunately, however, North Korea, along with its daily array of fiery threats against Japan and South Korea, has provided an opening of sorts toward moving the crisis back to a negotiating track.

At midweek, North Korea's foreign minister proposed the elements of a diplomatic deal. Pyongyang now offers to guarantee "inspection" of nuclear fuel at its facilities, provided the United States renounces the diplomatic dialogue it broke off when North Korea refused to set aside the fuel rods that International Atomic Energy Agency inspectors wanted to analyze during the unloading of its reactor last month. Given the North's history of wriggling through verbal loopholes, the State Department understandably characterized the offer as insufficient. By failing to set aside the fuel rods the atomic energy agency wanted to analyze, North Korea immensely complicated the inspection issue. That

straightforward method of establishing how much plutonium Pyongyang may have removed in the past is no longer available.

There may be alternative, albeit less satisfying ways to reconstruct at least some of this history. But the North needs to agree unambiguously to these procedures before talks with the United States can resume.

While the effort to clarify plutonium management continues, the North also needs to demonstrate good faith in safeguarding the larger quantities of plutonium it has just unloaded. That means letting the atomic energy agency verify that the unloaded fuel is not removed for reprocessing, potentially into nuclear bomb material. It means not abandoning the framework of the Nuclear Nonproliferation Treaty. These are points former President Jimmy Carter could reinforce when he goes to Pyongyang on a private visit next week.

What the United States needs to do now is spell out, though not necessarily in public, its own conditions for resuming talks. North Korea's bad faith has increased the temperature of the crisis and narrowed the scope for a negotiated solution. Yet even as Washington seeks to build a consensus on sanctions, continued diplomacy is in everybody's interest.

—THE NEW YORK TIMES

## News for the Incumbents

A slew of primaries around the United States this week brought generally good news to incumbents. In the sense that most of them survived. But beneath the surface of their victories lurked a sourness on the part of the electorate that points to hard races for many officeholders this fall.

In the highest race of all, Governor Pete Wilson of California won the Republican nomination for re-election. But a previously little-known businessman named Ron Utz, who spent \$2 million on his campaign, galvanized conservative voters, who have never much liked Mr. Wilson and especially disliked tax increases during his tenure. Only half of Mr. Utz's Republican voters told the Los Angeles Times poll that they would back Mr. Wilson this fall. That number will probably go up, but it is an indicator of genuine discontent.

It should be recalled that running against former president George Bush, conservative commentator Pat Buchanan won a comparable vote in the primaries he contested there. The Buchanan vote turned out to be a good indicator of the degree of discomfort with Mr. Bush.

The one piece of good news for Mr. Wilson is that a fair number of Democrats seem less than thrilled with State Treasurer Kathleen Brown, who won the Democratic nomination comfortably. A plurality of the Democratic primary voters who backed her main opponent, Insurance Commissioner John Garamendi, said they preferred the Republican incumbent to Ms. Brown. All these numbers suggest that both Mr. Wilson and Ms. Brown

have an interest in running harshly negative campaigns against each other—which will do much to improve the voters' mood.

Other incumbents facing re-election included the Republican governor of Iowa, Terry Branstad, who won renomination with just 52 percent against Representative Fred Grandy. Governor Bruce King of New Mexico survived a Democratic primary, but with only 39 percent in a three-way race. In South Dakota, Governor Walter Dale Miller lost a Republican primary to former Governor Bill Janklow.

What may be most significant about these primary challenges is that they happened at all. Incumbent governors usually do not face serious contests for renomination. Primary voters are usually more loyal than anyone to their party's officeholders, so the large votes against all these incumbents suggest more than a passing problem. Also striking in many places was the poor voter turnout, particularly in California, where participation hit a record low.

None of this means incumbents will be routed this fall. That prediction has often been made in recent years, and has almost always been disproved. Still, it is notable that a rather steady economic recovery has so far done little to dispel the mood of political discontent that was so palpable two years ago. Partly, this is a sign that many voters either haven't been reached by or don't believe in the recovery. But it also suggests that economics alone do not explain the country's political distemper. For incumbents of both parties, that is truly bad news.

—THE WASHINGTON POST

## Pathogens and Vigilance

It sounds like a science-fiction horror. A germ that is virtually everywhere, causing sore throats in millions of people, develops a rare but highly virulent form that can kill or maim in a matter of days or possibly even hours. Terrified victims can actually see their flesh or muscle deteriorating as they anxiously watch the progress of this rampaging pathogen that some have erroneously dubbed a "flesh-eating" bacterium. Suddenly we all feel vulnerable, forced to confront the knowledge that the war between humans and germs is never settled.

Whether the highly virulent form of streptococcal infections that has dominated headlines in recent weeks signifies anything very new or important is not clear. Public health authorities have issued soothing statements that it is essentially an old and relatively rare disease given new life through sensational media reports. But there is some evidence that the frequency of severe strep infections, known as invasive Group A streptococcus, has risen since the mid-1980s.

The broad group of bacteria known as Group A streptococci causes an enormous number of infections throughout the world, ranging from the common and mild conditions such as strep throat and impetigo to the more severe scarlet and rheumatic fevers, to a highly virulent invasive form that strikes perhaps

10,000 to 15,000 Americans each year, causing 2,000 to 3,000 deaths. This invasive strep can cause fatal drug, in blood pressure, toxic shock and multiple organ failure. It can also cause a rapid destruction of flesh or muscle.

Public health agencies gain comfort from the fact that there appear to be no clusters of cases suggesting a concentrated cause or transmission, no epidemic increase in infections, no indication that the germ has developed resistance to antibiotics, no hint that it is rampaging out of control. There is no routine surveillance of strep A infections and no required reporting of cases, even the most severe kind. Nor is there yet much appetite for new surveillance. For now, health authorities are simply wary and watching. That leaves the burden on individuals and their doctors to take prompt action at the first sign of danger.

The devastating appearance of AIDS as a worldwide epidemic put this generation on notice that it could face new or rapidly emerging threats from infectious diseases. The resurgence of tuberculosis has reminded us that diseases once vanquished can return with a vengeance. Now strep A, a lesser, more treatable hazard than those others, has spread its own graphic and horrible reminder that the fight against pathogens is never over.

—THE NEW YORK TIMES

## Other Comment

### Wilson, Clinton and the Balkans

When President Clinton spoke before the French National Assembly, the Balkans were on his agenda, as they were when Woodrow Wilson was accorded the same honor on Feb. 3, 1919. At that time, U.S. Allies in World War I were carving up the map of Europe, a process that included the formation of Yugoslavia. Mr. Clinton, 75 years later, was back in the same place facing new territorial claims in the Balkans. He no longer pushed for lifting a UN arms embargo; instead, he adopted the EU call for a partition of Bosnia territory.

What seemed to be carrying the day was not only the French threat to withdraw their

forces if U.S. policy puts them in danger, but Mr. Clinton's own refusal to send U.S. troops to Bosnia until there is a settlement. He sought to reassure his audience that Americans would not abdicate world leadership or abandon Europe, as they did after Mr. Wilson's grand dreams fell to tatters. But he also had no remedy, other than a bland call for allied unity. If Mr. Clinton could draw comfort from historic comparisons, he would note that, even as Mr. Wilson was speaking in Paris, France was falling to the Bolsheviks. France was avenging itself against the Germans and the Balkans were going through another scrambling of borders.

—The Baltimore Sun

## The Price of Appeasement Is Still Too High

By Anthony Lewis

BOSTON — The moving ceremonies to commemorate D-Day should do more than celebrate the courage and sacrifice of 50 years ago. They should remind us of what made that sacrifice necessary: the earlier failure to stand up to evil.

Hitler made no secret of his hatred, his violent nationalism and his megalomania. But European leaders did not act to confront the menace when it appeared. They treated Hitler as a joke, then believed his promises and swallowed his aggression—until their own countries were threatened.

The mistake for which so many paid so dearly in Normandy carried an unmistakable lesson: Demagogic preachers of nationalist hate must be taken seriously, and stopped before their words turn to blood. But in the first test of that principle after the Cold War, the West failed again.

"Militant nationalism is on the rise," President Bill Clinton told the French National Assembly this past week, "transforming the healthy pride of nations, tribes, religious and ethnic groups into cancerous prejudice, eating away at states and leaving their people addicted to the painkillers of violence and demagoguery."

Exactly. And as the West knows how weakness in the 1930s let the Nazi menace grow, so it knows how and when weakness opened the way for the new militant nationalism.

The year was 1991, Serbia's Communist leader, Slobodan Milosevic, turned from communism to extreme nationalism as a device to hold on to power. He used the Yugoslav national myth to attack first the northernmost Yugoslav republic,

Slovenia. When that attack failed, the Serbs turned their guns on Croatia. Serbian forces shelled the medieval port of Dubrovnik and leveled the city of Vukovar.

That was the moment when strong leaders, by resisting the evil of a tyrant, could have stopped the new menace of violent nationalism. But the West had weaklings: George Bush, John Major. Instead of resisting, they began a course of diplomacy and "peacekeeping" that continues its gyrations to this day.

Three years later, Serbs occupy 72 percent of Bosnia and a big slice of Croatia. More than 200,000 Bosnians are dead and 2 million are refugees, victims of the Serbian genocide euphemistically called ethnic cleansing.

Diplomats and United Nations peacekeepers did nothing for those victims. And diplomacy has no effective leverage now to make the Serbs disgorge their conquests. Indeed, the United States is reportedly ready to join others in pressing Bosnians to accept a settlement that gives half their country to the Serbian aggressors.

The lesson is obvious again. The way to deal with demagogic nationalists is by strength: force and the threat of force. The misuse of peacekeeping when there was no peace to keep has only given peacekeeping a bad name. Weakness in the face of evil Serbian leaders has encouraged nationalist demagoguery elsewhere.

The threat was not hard to understand. The aggression was unceasing and exceptionally cruel. And it was accompanied by characteristic hate propaganda. "Forging War," a book just published in London by Article 19, the International Center Against Censorship, is a fascinating study of the manipulation of the media in the former Yugoslavia during these last years. It shows how both the Serbian and the Croatian governments used the press to stir up hatred.

Thus the Serbian press and television spoke of Bosnian Muslims as "mujahideen" and said they were committing "spiritual genocide" of Serbs. They charged that the Bosnian government had staged massacres of Bosnians. And so on.

Commentators and diplomats are divided about what the West should do in Bosnia. But surely no reasonable person can doubt that it should have stopped Serbian aggression at the beginning, before the Bosnian tragedy. As Margaret Thatcher urged, the West should have told the Serbs: Stop shelling Dubrovnik or we will bomb your military installations.

But Lawrence Eagleburger, then deputy secretary of state and a former ambassador to Yugoslavia, said the West should not take Mr. Milosevic too seriously. Jim Baker, then secretary of state, went to Belgrade at the crucial moment in 1991 and spoke soothing words to Mr. Milosevic. And President Bush averted his gaze. As in 1944, many will pay dearly for the failure to draw a line against evil.

The New York Times

## Sir James on the Future: A Dark Vision of Progress

By George F. Will

PARIS — A proper Cassandra probably should not be quite as comfortably situated as Sir James Goldsmith is here in his house that once was home to a king's brother and later, and more impressively, to Cole Porter. But Sir James, 61, can't help being a billionaire and a Jew's mule his political lamentation, which is nothing if not comprehensive. He has drawn an indictment against most of modernity.

Shortly before the 1987 stock market collapse, Sir James got out of the market, went to earth—openly in several homes around the world—and thought. Now his satirical is over. Pausing here recently between campaign stops in his Gulfstream jet during his quest for a seat in the European Parliament, he poured forth his worry that unless the GATT free trade pact is scuttled, it will produce social divisions "deeper than anything Marx anticipated."

Sir James is a capitalist worried that the equilibrium achieved between capital and labor during the last century is about to be tilted radically in capital's favor. The great fear of our age is, he says, the sudden—because of political and technological changes—entry of a billion people into the international labor market, people from such low-wage areas as

China, India, Bangladesh, the former Soviet Union and Latin America. In a world of instantaneous international communication and movements of capital, almost anything can be made almost anywhere. The result under global free trade will be, Sir James warns, the "proletarianization" of the labor forces of advanced nations.

Marx falsely prophesied that a "reserve army of the unemployed" would produce the immiseration of the masses and a revolutionary crisis of capitalism. With similar certitude, Sir James asserts that global free trade will produce chaos for the many but financial bliss for a few.

The world GATT will produce will be, he says, "economic paradise for an elite"—for those with capital to invest whose low labor costs maximize their return. This world also will be a politician's dream, making possible a monetary policy with minimal inflationary effects because of downward pressure on wages from which Sir James calls "the reservoir of the underemployed."

Insisting that he is not a protectionist but a regionalist, Sir James favors free trade among comparable economies. To those who say the rapid ascents of South Korea, Taiwan,

that would "make Stalin's collectivization look like child's play."

Sir James's prophecy may seem like "Marxism of the right," but it rejects the sovereignty of economic forces and the primacy of merely economic values. We have heard such refrains before, even in cheerful capitalist America where "change" is considered a synonym for "progress." And ever since the industrial revolution, some European conservatives have blanching at capitalism's revolutionary power to dissolve traditional social arrangements.

Sir James, a child of an Anglo-French marriage, is allied politically with some representatives of old Catholic France. Some will say he is a political aesthete, recoiling from the ugliness of an urbanized world. But if so, so what?

Asked whether, by standing against history, he is crying "Halt," he is rejecting most of the West's experience and values since the Renaissance made man the measure of all things and made science his servant. Sir James answers, "More or less." He is mistaken about both possibilities and inevitabilities, but by darkly sketching a world in which all values are sacrificed to a specious "efficiency," he leaves the conversation of nations.

Washington Post Writers Group

## Unstable Ukraine Can't Make the Transition Alone

By Anders Aslund

STOCKHOLM — Ukraine, once Russia's bread basket, has become an economic basket case. Hyperinflation has raised since the end of 1992. Last year, the inflation rate was 8,540 percent. Further devaluation may pose a threat to European security. If the country collapses, Russia cannot stand by without intervening, regardless of who holds power in Moscow.

West should come forward with a program of economic liberalization, stabilization and privatization of the kind typically recommended by the International Monetary Fund and World Bank. This should be possible now, last Ukrainian missiles, once a source of contention, are being transferred to Russia under a deal President Bill Clinton brokered with President Leonid Kravchuk.

The time is ripe for a Western proposal. A presidential election is scheduled for June 26, and the establishment was badly set back in parliamentary elections in March. Voters turned against Mr. Kravchuk's corrupt supporters and elected liberals and older-line Communists who oppose him. Voters' anger is understandable. In addition to runaway inflation, gross domestic product fell by almost 50 percent from 1990 to 1993—if official data can be trusted. The budget deficit ballooned 30 percent of gross domestic product. Shortages of such staples as bread and meat abound, as do queues for them.

The cause of this plight? Since Ukraine wanted to differ from its rival Russia, it declined to adopt Moscow's path of economic shock therapy, seeking instead to prove its superior modernity through gradual change. It has only partly

deregulated production, prices and trade. Hardly anything has been privatized.

After the 1991 election, the old elite adopted a nationalist course to preserve its power. Preoccupied with the symbols of a new independent state—the flag, military uniforms—the Ukrainians neglected to create democratic institutions and introduce a free market economy. In short, much of the Soviet system remains, but in intact.

Mr. Kravchuk, an opportunistic old-line Communist ideologue who changed his stripes, has refused serious economic reform. His sympathy for the nomenclature has shown by his ouster of officials who favor reform. Enterprising members of the former elite have been given excellent opportunities to enrich themselves. Outside the big cities, there is a construction boom in luxurious villas; ordinary people build little but churches. People with good contacts and export licenses can buy oil and metals cheaply from Russia and sell them abroad at huge profits. Ukraine's fundamental political problems are a lack of both national cohesion—the eastern region is Russified and the western part is Western-oriented—and of a sense of national security. The country is stuck with Mr. Kravchuk because the voters, wanting a strongman who could stand up to the feared Russians, gave him 62 percent of the vote in December 1991.

Why Russia upset Ukraine? Zbigniew Brzezinski defined the problem in a recent Foreign Affairs article: "Russia can be either an empire or

a democracy, but it cannot be both." He added, "Without Ukraine, Russia ceases to be an empire, but with Ukraine subordinated and then subordinated, Russia automatically becomes an empire."

In 1992 and 1993, as Russia raised its prices for oil and natural gas, Ukraine's trade imbalance grew because of its huge quantity of energy imports. When, in early 1992, Moscow did not deliver as many ruble bank notes as Kiev wanted, Ukraine replaced the rubles with a coupon currency of its own, printing far too many coupons, thereby adding to inflation. Ukraine doubled its money supply that June by issuing boundless credits to Ukrainian enterprises.

The cost of transition to a market economy will be very high because of Ukraine's obsolete economic structure and limited exports. To make a successful transition possible, the Group of Seven should pledge substantial credits—but only if Ukraine agrees to carry out full-scale reform. The IMF and World Bank can possibly put up \$2 billion, which is far from enough. At least \$5 billion is needed. The European Union should provide most of the financing, because Europe will suffer most if Ukraine implodes.

A new opportunity to end the disastrous Kravchuk era and move toward a market economy began with the parliamentary elections: 74 percent of the electorate voted, mostly for politicians perceived as honest. This opportunity will acquire momentum if the voters now oust Mr. Kravchuk.

The writer is director of the Stockholm Institute of East European Economics. He contributed this comment to The New York Times.

## Asia: The Economic Stakes for America Are Soaring

By Kenneth S. Courtis

TOKYO — The apparent moderation of American demands for market access to the Japanese market, the decision to restart trade talks with Tokyo, and the likely conditioned renewal of China's most-favored-nation trading status suggest that the Clinton administration has finally begun to weigh the broader implications of what is at stake for America in Asia.

Close cooperation with Japan and China is clearly vital if the crisis over North Korea's nuclear program is to be defused. But Mr. Clinton's new-found flexibility and pragmatism in dealing with Tokyo and Beijing also recognizes the wider dimensions of Asia's growing economic weight. To sustain its own economic recovery and its role as a military superpower, the United States must be an acceptable partner in this dynamic region.

The rapid economic growth of China since its opening to the outside world in the late 1970s, and its huge potential as a market for goods and services are important elements of the Asian equation for the United States. Even more important, however, is Japan's increasing tilt to Asia.

In 1985, Japan exported a third more to the United States than it did to Asia. It now exports a third more to Asia than to America. The shift is even more marked in relation to Europe. Today, Japan trades two and half times more with Asia than it does with the European Union. In the period since 1985, Japan's total exports have more than doubled.

This deepening Japanese economic

penetration of Asia is driven by the higher profits that the region's hot growth generates, compared with the razor-thin margins in Europe and the United States. For Japanese traders, the increasingly open economic environment of Asia and its strengthening consumer and industrial markets stand in welcome contrast to intensifying pressure for protectionism in much of Europe and America.

Japan is also channeling more of its direct foreign investment in manufacturing and other sectors to Asia. In 1983, about one-tenth of Japanese investment went to Asia. Today, the proportion has risen to one-fifth, and still more is on the way.

In the decade to 1990, Japan registered an accumulated current account surplus of some \$415 billion, of which about half was reinvested abroad in the form of direct investment. The remainder went into the world bond and equity markets, and to other portfolio investments.

Already in the first four years of the 1990s, Japan has piled up a surplus of some \$360 billion—that is more than twice the annual GNP of India. The surplus is not about to shrink sharply any time soon. Indeed, with current energy prices and exchange rates, Japan is set to see imports fall by some \$36 billion over the next 12 months. At this rate, the country's surplus this decade is likely to exceed \$1 trillion. If about half this money is plowed back into the world economy in the form of direct invest-

ment, as happened in 1980s, corporate Japan's investment in new productive capacity and distribution abroad this decade will be more than twice its total accumulated foreign direct investment to date.

Japan may be setting the pace, but other Asian economies are following. While a third of foreign direct investment in the countries of the Association of South East Asian Nations came from Japan over the last 10 years, a quarter came from South Korea, Taiwan, Hong Kong and Singapore. China, India and other South Asian states will be drawn into this pan-Asian investment network.

Asian economic integration would not be of much international significance if the region only accounted for 4 percent of world gross national product, as it did in 1950. But in representing a fifth of the world economy today, and on course to accounting for a quarter within a decade, Asia is becoming a major economic force. The global balance of industrial and financial power is shifting toward the region.

As the focus of foreign policy almost everywhere increasingly rotates around economics, and growth in Asian markets continues to outstrip that of North America and Europe, the stakes for the United States in Asia can only increase. To position itself in the most favorable way, the United States must set in place a comprehensive policy for Asia that links the entire range of issues, in-

cluding capital flows, trade, the rule of law and security.

The writer, strategist and senior economist for the Deutsche Bank Group in Asia, lectures at Keio and Tokyo Universities. He contributed this comment to The International Herald Tribune.

The New York Times

## Look Who's Turning Off A Drug War

By A. M. Rosenthal

NEW YORK — The United States makes a specific military-technological commitment to two foreign governments, allies in its struggle of life and death, many lives and deaths. A year after it goes into operation, the arrangement makes legal dispute between sets of U.S. government lawyers. So the United States breaks the commitment, snap, like that, without consulting advance the countries Washington had talked into the deal. They began to think it was working well.

The commitment was to provide Colombia and Peru with information from U.S. ground radar and AWACS intelligence planes to track drug planes as they flew to their home countries. The State Department said the help was legal. Lawyers from Defense and some other agencies thought the United States could be sued by the families of the traffickers if the Colombians or Peruvians shot down their planes. They won.

Colombians and Peruvians say they have been betrayed, and a State Department official has just flown down to see them. The South American says the radar information was essential, not for shooting down planes but for more for discovering traffickers' destinations, collecting and tracking guerrilla bands warring against drug money. They say that since the United States folded the radar screen the drug flights have increased.

How could this happen without Congress going in to smoke, without President Bill Clinton's advisers warning him away from another breach of word?

One reason is that the partners were just South American Americans interested in Latin America when his name is Castro or when the United States lands troops. Name three living South American presidents. Two.

Second, the struggle involved was the drug war, which does not grab government and journalistic headlines like it used to. It grabs the public's eye, under the heading of crime.

But Washington doesn't seem to care. Maybe because the president doesn't. Mr. Clinton has approved decent budget and does from time to time speak of narcotics.

But in the whole government, during a year of poking around, I have not run into as much know-how and drive about drugs as in one meeting with three narcotics fighters from a three-and-a-half program for released prisoners. (Business people who realize how essential both are in the drug war should write to Father Peter Young, Altamont Program, 134 Franklin St., Albany, New York 12202, U.S.A.)

Sorry—the Clinton administration does not want it called the drug war anymore. That news comes from Lee Brown, drug policy director. He was supposed to be top general in the struggle. But through no fault of his, the new Clinton administration downgraded the job before he was even appointed, to about captain.

So, no more war, you hear? Reminds me of the time the Rockefeller government in New York State decided to grapple with the Mafia by banning the word in all statements. Terrific idea. The Mafia loved it so much that they blocked the truck boys at The New York Times when the newspaper refused to go along.

The former general was out of town and the people on his staff say they not say what he thought about American breaking commitments to its former partners in the former war. So let me tell them. He will support it. He has chosen. He will support it. The Clinton administration's decision to cut back on one of three basic strategies in the drug war: enforcement, therapy, interdiction. The administration, therapy, interdiction is as important as the drug war: South Americans who live with drug flying over their heads.

South Americans had already spoken of their fears about the cutback in interdiction. Still, the Colombians and the Peruvians were startled that the radar tracking program was eliminated, snap, because some lawyers found it dicey, liability-wise—started, bitter, furious.

Maybe, on a trip to South America some day, Mr. Clinton will explain why he permitted his administration to behave so to countries America had been its partners. For a president who already has troubles about this promise-keeping business, it is a world inflicted by himself, or the people's appetite to guard his word and honor.

money. America would have several only General Dwight Eisenhower had lawyers to warn him of duty liability suits from German families.

The New York Times

## IN OUR PAGES: 100, 75 AND 50 YEARS AGO

### 1894: Death of a Sultan

TANGIER — Early this morning (June 11) a rumor circulated through the city that the Sultan of Morocco was dead. News has since been received which confirms the report. The Herald comments: "The question of the succession to the throne of Muley Hassan will, in all probability, give rise to fresh disputes between Morocco and Spain. Moreover, there are so many Powers interested in the country that no one of them could alone intervene to maintain order. History has shown that the intervention of several European Powers in alliance nearly always ends in disputes among themselves."

### 1919: Homeward Bound

BREST — American troops are returning home fast. The troopship America left Brest this evening (June 10) with 10,000 happy doughboys homeward bound. There are now a dozen cruisers and troopships here, which, with all the troops in camp here, will return to New York during the present month. The 7th Division troops have begun to embark. The officers were received this afternoon at the Hotel Continental by Admiral Salaun, who read a farewell letter from M. Clemenceau.

### 1944: Revolt in France

NEW YORK — [From our New York edition:] A major uprising by French patriots, extending from Metz to Avignon and including a "major coup" at Bellegarde, in the Ain Department near the Swiss border, was described in Swiss and Swedish newspaper accounts reported yesterday (June 11) in the Office of War Information. At Bellegarde, according to the Swiss newspaper "Tribune de Geneve" and the Swedish paper "Stockholms-Tidningen," 100 French patriots seized the railway station, set a German headquarters, and "proceeded systematically to sabotage all the installations."

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# NEW YORK Herald Tribune LATE CITY EDITION

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SUNDAY, JUNE 11, 1944

Section One

10 Cents in New York City and Suburbs  
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## American Troops 15 Miles From Cherbourg, Smashing a Third of Way Across Peninsula; 6,000 Planes Hit Foe; French Fields in Use

### Eisenhower Plea Resented By De Gaulle

French Leader Asserts Control by Allies Could Provoke 'Incidents'

### Balked at Making D-Day Broadcast

Spoke Only After Threat by Churchill to Send Him Back to Algiers

By Geoffrey Parsons Jr.

From the Herald Tribune Bureau

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LONDON, June 10.—General Charles de Gaulle declared today that the proclamation addressed to the French people on June 6 and the one published today (both from General Dwight D. Eisenhower, Allied supreme commander) seemed to foreshadow a sort of taking-over of power in France by Allied supreme command.

"This situation," he said, "is obviously not acceptable to us, and it could provoke in France incidents which, it seems to us, must be avoided."

In reply to questions at an interview given to the French Independent News Agency, General de Gaulle, who is head of the French Committee of National Liberation at Algiers, said also: "At the present time, there is unfortunately no agreement between the French government (meaning the Liberation Committee) and the Allied governments concerning the cooperation of French administration with the Allied armies in liberated French home territory."

Criticism of American policy.

General de Gaulle said further: "The issue in France of a so-called French currency without any agreement and without any guarantee from the French authority can only lead to serious complications. At a moment when the French people are suffering from the lack of the common cause, this would only contribute to the confusion and disorganization of the French people."

"France wages war like her allies and with her allies. She brings into the great battle for liberation of the world a contribution of all the internal and external forces at her disposal and she endures a great deal of suffering for the sake of the common cause. Tomorrow she will contribute to the settlement of the conflict; but it is obviously in full sovereignty that she intends to wage war today and tomorrow to make the peace."

General de Gaulle said he would be very honored to go to the United States and visit President Roosevelt. "It appears that criticism of President Roosevelt for apparently letting General de Gaulle take the initiative in arranging a visit by the French leader to the United States is unfounded. He has been here for several days and he will continue to stay in Washington."

This was corroborated by General de Gaulle's statement today when he said: "On May 31 the President was good enough to ask me to make a service trip to the United States. I am going to see him in Washington, if I so desired. I immediately answered that I

(Continued on page 2, column 1)

CLASIFIED ADVERTISEMENTS See Index, Sec. III, Page 5

### Army Parade Up 5th Av. Today To Open Bond-Drive War Show

1,200 Men to March to Central Park for Start of 12-Day Arms Exhibit; 'Battle' Every Half Hour; City's Fifth War Loan Goal \$4,167,028,000

By Robert S. Bird

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A crack infantry battalion of 1,200 men with bands and bugle corps, all dressed in battle dress, will parade up Fifth Avenue today to signal the opening in Central Park this afternoon, for twelve days, of the largest and most authentic outdoor exhibit of the Army's fighting equipment yet seen in New York.

Twelve acres of the park on the site of the former reservoir near the Fifty-sixth Street transverse have been transformed into a warlike scene containing American and captured enemy equipment, ranging from a new-type tank train and giant field guns down to German booty traps and Japanese field rations.

One end of the area has been converted into a one-acre corner of a "real" battlefield, featuring smashed howitzers, a crashed plane, a ripped railroad track and bomb craters, and every half hour during the period of the exhibition combat units will stage, with sound effects, a mock battle of such realistic proportions that, during the rehearsal, three men ended up in a hospital.

The exhibit and parade, called a "Salute to the Infantry," are being presented to the people of New York by the Army and the Treasury Department to dramatize the Fifth War Loan campaign, which begins tomorrow with a \$4,167,028,000 quota set for New York City.

The parade will start at Fort (Continued on page 39, column 2)

### Allied Flyers In Control as Skies Clear

German Reinforcements and Guns Delaying U.S. Infantry Are Pounded

### Planes Are Landing On 3 French Bases

Airmen Range 75 Miles Behind Lines; Luftwaffe Hangs Back; Berlin Hit

By Jack Tait

From the Herald Tribune Bureau

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LONDON, June 10.—Nearly 6,000 planes, including the first Allied aircraft to operate from French soil since 1940, smashed German lines and reinforcements pouring toward the Normandy beachhead today.

Improved weather permitted the Allies to swing their air power into action after a full yesterday. Throughout the day the planes kept up an incessant bombardment of roads, troop concentrations, transport, gun positions and hundreds of other targets, without meeting any determined resistance from the Luftwaffe.

Fighters of the British 2d Tactical Air Force patrolled the beaches until forced to land on a hastily constructed landing strip when their fuel ran low. They refueled and took off on an offensive patrol behind the fighting zone.

Use Three Landing Strips

Three landing strips have now been constructed in Normandy by engineers of the 9th Air Force. It was announced tonight, and today the 8th Air Force, reported that a strip, picked up wounded soldiers and carried them back to Britain. One of the wounded was a Japanese soldier in a German uniform.

More than 800 fighters of the 8th Air Force attacked and bombed the German positions, penetrating the German lines, some resistance in the air was encountered and ten German planes were shot down. Seven of our fighters are missing. Marauders and Havocs of the 9th made two assaults against the enemy today without encountering any German planes. Among (Continued on page 2, column 2)



Canadian soldiers study a sand-box layout of the unsuccessful German defenses found in a Nazi headquarters after the capture of an important beachhead in the Normandy sector.

### Allied Forces Are Merged, Strike Inland

Battle Rages at Carentan After Trevieres Falls; Port of Isigny Is Taken

### Nazi Tanks Held Off In Struggle at Caen

United Armies Stretched Along 50-Mile Front, Take 5,000 Prisoners

By The Associated Press

SUPREME HEADQUARTERS, Allied Expeditionary Forces, June 11 (Sunday).—American troops smashed to a third of the way across the Cotentin peninsula yesterday in a drive to seal off the port of Cherbourg and captured two towns and a handful of villages under cover of Allied fighters striking from newly seized airfields in France.

A German broadcast placed the Americans near Montebourg, only fifteen miles southeast of Cherbourg, after the Germans had withdrawn to "shortened defense lines."

Allied headquarters communique No. 10, issued just before midnight, said, "Allied progress continues along the whole of the beachhead." This meant that the American, British and Canadian troops now were attacking heavily along a fifty-mile stretch between Caen in the east and Montebourg in the northwest.

Six Miles in First Smash

A dispatch from the front disclosed that the Americans, with artillery support, had begun striking inland Friday after using the first three days to secure their beachheads and establish contact with the British-Canadian forces in the Bayeux sector, east of the expanded thirty-five-mile-wide American front. The Americans gained six miles in their first smash inland from the sea, with veteran troops spearheading the attack, the dispatch said.

Improving weather, which found Allied fighters new hitting from France for the first time in four years, aided the Allied forward movement. Heavy bombers attacked German airfields in Normandy and Brittany, behind the battle line, and fighters strafed the enemy's armored and transport movements.

The Americans, under Lieutenant General Omar N. Bradley, captured the small but valuable port of Isigny, thirty-two miles southeast of Cherbourg; took Trevieres, eight miles east of Isigny; closed in from both sides on Carentan, six miles west of Isigny, and seized "in several places" the main Paris railway leading into Cherbourg.

Battle for Carentan

Fighting raged at Carentan, the late Allied bulletin said. The Germans had flooded the terrain in that sector, causing difficulties, a spokesman said.

Severe fighting with strong enemy armored units also flared through the fifth day in the Caen area of the British-Canadian sector. A front dispatch said Allied artillerymen had taken up positions in a struggle for a ridge commanding Caen, and that engineers had been partly successful in the setting of a tank trap against reinforced Nazi panzer units there.

"In the Cherbourg peninsula our advance patrols are west of the main railway in several places," the Allied communique said.

The apparent immediate objective of the American troops striking in the Montebourg area, a view broadcast said, was Valognes, the communications key to Cherbourg. Valognes is only ten miles southeast of the big port. General Sir Bernard L. Montgomery, commander of the American, British and Canadian ground (Continued on page 2, column 2)

### The Price: Death on a Norman Beach

By John O'Reilly

By Telephone to the Herald Tribune, Copyright, 1944, New York Tribune Inc.

LONDON, June 10.—The American sector of the Allied beachhead in Normandy presents a panorama that is grim and fantastic. The beach itself is a long stretch of tangled wreckage such as has never been seen on any beachhead in either North Africa or the Mediterranean theaters. This mass of battle wreckage gives stark testimony to the terrible struggle which took place all day yesterday as the assault waves of troops fought the battle that enabled the thousands upon thousands of soldiers now coming in to move up to their battle positions. At low tide there is a wide expanse of sand studded with rows of enemy obstacles. As the tide ebbs and flows the bodies of soldiers who died in the assault roll back and forth with the waves. In this stretch also the tide discloses sunken jeeps and a thousand other items of equipment.

At low tide there are also the hulks of various types of landing boats. Many of the latter brought in troops, ammunition and equipment and were left high and dry when the tide receded. Here they were at the mercy of enemy artillery fire. Just below high-water mark is a weird jumble of tanks, trucks and boats. Many of these burned after being hit by enemy shells. Here also the bodies of more of the assault troops are being picked up and taken away for burial.

(Continued on page 2, column 2)

### Vichy Reports Nazis Flooded Cherbourg Area Of Invasion Front Before D Day

500,000 Acres Inundated in Americans' Sector; Water's Depth Ranges Up to 7 Feet; Allies Gradually Are Gaining Control of Sluices

By Ned Russell

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SUPREME HEADQUARTERS, Allied Expeditionary Forces, June 10.—An area of roughly 500,000 acres, covering most of the base of the Cherbourg peninsula, has been flooded by the Germans in the same way that the French flooded it in the Franco-Prussian War of 1870. It was disclosed tonight.

The flooded area covers a huge area of flat, low, marshy ground from the Carentan and Isigny areas westward to within two or three miles of the western shore of the peninsula, and it includes some of the beaches where the Allied troops landed.

The water varies in depth from a few inches to seven feet. The Germans flooded the area many weeks before the invasion, but their operations were watched and studied and secret raids were made by the Allied general staff as the planning for the invasion proceeded.

The American Army was assigned to this difficult part of the front. It was felt advisable to give the Americans this sector of the front, and leave the eastern battle zone, around Caen, to the British, who could employ their long experience in violent slugging duels with the Germans over the rough, hilly terrain there.

The Americans, by capturing Isigny, have gained control of the sluices in that area and are gradually reducing the extent of the floods there. The sluices just to the north of Carentan are the (Continued on page 2, column 2)

WOB—Parks the path of a pioneer near the beachhead. Building destroyed by fire.

Germany Feared Invasion

LONDON, June 11 (Sunday).—Before the Vichy report of (Continued on page 2, column 2)

Berlin, London Radio Silent

Columbia Broadcasting noted early today that the British Home Service Radio, in its "first news for Sunday, June 11th," did not mention the Vichy report about Allied warships shelling Toulon. Columbia added that the Berlin radio, in its latest news program, said "good night to North American listeners" at 1:15 a. m. Sunday.

Without mentioning anything about the reported Allied shelling of Toulon.

Letters Home, edited by Mimi Curtis, reviewed.

"The Six Weeks' War," by Theodore Dreiser, reviewed.

"Kids in Congress," an article by Wellington Brink.

"Can Democracy Be Saved in Europe?" by Fritz Sternberg.

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"Kids in Congress," an article by Wellington Brink.

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Section VII—This Week

"Kids in Congress," an article by Wellington Brink.

"Can Democracy Be Saved in Europe?" by Fritz Sternberg.

Section VIII—This Week

"Kids in Congress," an article by Wellington Brink.

"Can Democracy Be Saved in Europe?" by Fritz Sternberg.

**50 YEARS AGO TODAY**

IN THE NEW YORK HERALD TRIBUNE

Follow the news of the D-Day landings in Normandy exactly as it appeared on the front pages in June 1944. These commemorative front page reprints from the archives will appear every day from June 5 through June 11.

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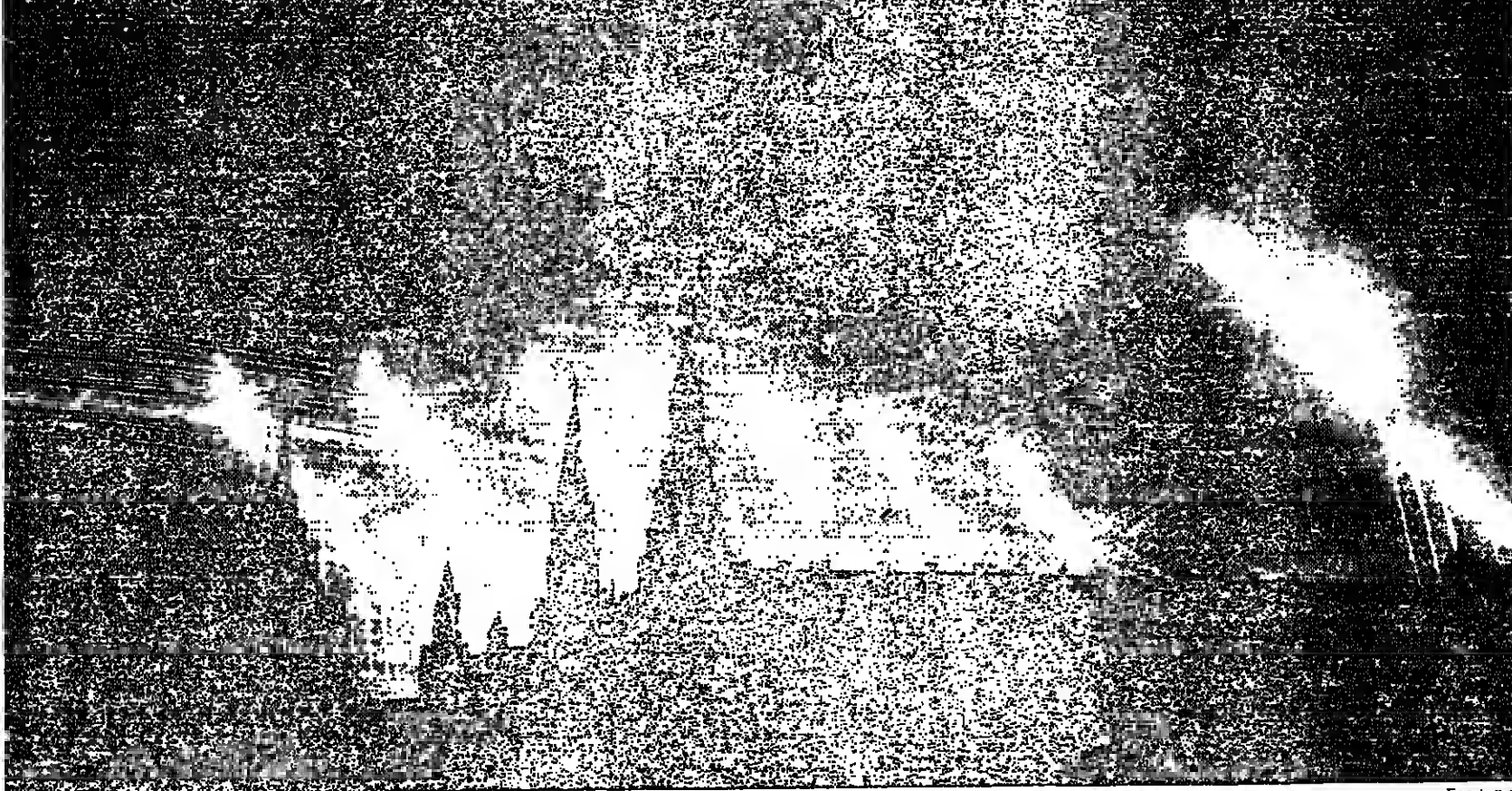
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## ART

How It Was Reported:  
The World War II Story

Detail of Margaret Bourke-White's picture of an air raid on Moscow — in an exhibition on World War II in Washington.

By Vicki Goldberg  
New York Times Service

WASHINGTON — At first glance, "Reporting the War: The Journalistic Coverage of World War II" at the National Portrait Gallery in Washington looks like the kind of show that only a World War II buff could love.

Lost for them to love here: documents, reading matter, fine photographs like W. Eugene Smith's from Saipan — though most of the photographs are not shown to great advantage. A few, like Margaret Bourke-White's spectacular view of an air raid on Moscow, are impressively enlarged, then cropped to fit into archways.

What "Reporting the War" (on view through Sept. 5) lacks in visual stimulation it more than makes up for in information, not so much about the war as about what the title promises.

How World War II was presented to civilians, how it could be presented, marked a departure from previous wars and signaled shifts in communications that have affected the world ever since. The catalogue even suggests that the news media, which made Americans far more aware of the course and costs of war than ever before, played a powerful role in maintaining the sense of national purpose and minimizing civilian complaints in the face of rationing and shortages.

For most of the world's history, war reporting had followed Thucydides's method, detailing events long after the dust had settled. Narrating history under pressure did not really replace recollecting it in tranquility until the invention of the telegraph, the railroad, the steam-driven press and photo-

graphy in the 19th century, when the mass audience was also effectively invented.

Accounts and images of the Crimean War and the U.S. Civil War in the 1850s and '60s reached a large public within months or weeks, or sometimes even within days of battle.

World War II broke out just as technical changes made fuller and more nearly immediate accounts possible and cultural changes made people expect them. Limited camera capabilities had slowed images of World War I to the approximate pace of a pageant, but the 35-mm camera proved fast enough to catch some of the destructive frenzy of the Spanish Civil War. By the mid-'30s, photographs could zip across continents and oceans by wire or radio, arriving simultaneously with the news.

The news was everywhere, in word and image and sound. Copiously illustrated tabloids were increasingly successful. Improved presses and inks brought on the picture magazines: Life began in 1936, Look in '37. (Before Life began, one of Henry Luce's advisers told him that "a war, any sort of war, is going to be a natural promotion for a picture magazine.")

Newsreels played in every movie theater; a few theaters played nothing else. "Reporting the War" does not cover newsreels or feature films, both of which helped shape the public image of war.

RADIO news grew like Topsy throughout the '30s. The catalogue for "Reporting the War," written by the curator, Frederick S. Voss, a historian at the National Portrait Gallery, reports that in 1938 a majority of Americans regarded newspapers as their main source of news, but by 1941 the balance had shifted to radio.

The medium may have created then what television apparently has now: a class of people who do not read very much daily, and

may not have access to good newspapers yet are up to date on the headlines.

In 1938, Edward R. Murrow's and William L. Shirer's on-the-spot broadcasts from Europe within two days of Hitler's march into Austria gave a new sense of immediacy and proximity to events overseas — as radio continued to do throughout the war.

The catalogue gives credit to the medium for moderating the United States' prewar isolationism. Unfortunately, text and photographs do little justice to radio in the museum; it shows up best here on the medium that succeeded it, television, in the form of videotaped interviews with broadcasters.

Communications clearly had reached a stage of development virtually guaranteeing that World War II would be more thoroughly, more avidly reported than any previous war. And the coverage, with its rapid transmission in a variety of media, set standards that people instantly became accustomed to.

The most surprising war reportage on view is the paintings and drawings by professional artists at the front. From the 1850s through World War I, English and American periodicals had printed eyewitness illustrations by artists like Winslow Homer, but it was clear early in World War II that the great visual reporting would be made by the camera. Life's picture editor later said that "World War II was a photographer's war."

This exhibition will not change that estimate, despite the talent of some of the artists. Yet the art has an important place in the history of wartime communications. It was in color, first of all, unlike almost all published photographs of World War II. It covered some events no photographer ever saw, presented a highly personal response to the war and was seen by millions.

Painters still respond to wars today, but World War II appears to have been the last

time the hand of the artist was routinely called on to inform a mass audience on this subject. Photography's precision, intensity and instantaneousness simply took over.

The question is whether the news media have changed responses to war. World War II established expectations of extensive and rapid coverage; technology and the internal policies of communications empires continued to expand along that path — at least until the military clamped down after Vietnam.

George Will wrote in Newsweek in 1983: "If there had been television cameras at Gettysburg, there would be two countries: the carnage would have caused the North to let the South go."

PERHAPS. The United States government forbade publication of pictures of dead Americans during World War II for fear they would harm morale on the home front. But when civilians grumbled about their difficult lives, President Roosevelt decided it might help if they understood where the real sacrifices were being made.

In 1943 the first images of American dead appeared. After that they did not stop (though the more gruesome were censored), yet Americans continued to believe they were fighting a "good war."

"Reporting the War" makes clear that coverage of World War II was the multimedia operation of its day, and that the news media's power was widely respected.

What it also makes clear is that the clampdown on the press in Grenada, Panama and the Persian Gulf signaled not simply a reaction to the openness in Vietnam but a kind of return to the limited reporting that prevailed before technology and a news-hungry public produced the first widespread and timely coverage of a war in history.

The International Style  
Architecture That Found a Home in Tel Aviv

By Michael Lawton

BONN — It was a "Jewish" architecture, mocked its fascist critics in the '20s — and they were proved right. The so-called International Style found its most welcoming home in Tel Aviv, where, between 1930 and 1939, architects (mostly European-trained) defined the style of the city with buildings that were indebted to the great architects of the Modern movement.

Unfortunately, Tel Aviv has not remained faithful to its once grand passion. Many of the buildings photographed for "Tel Aviv: Neues Bauen 1930-1939" are seriously neglected, others have been dressed in new clothes that do not suit them.

The traveling exhibition, which leaves the IFA-Galerie in Bonn on Saturday, was also shown in Tel Aviv. It will be at the Ludwig Forum für Internationale Kunst in Aachen from June 23 to Aug. 8, then will go to Vienna, Rotterdam, Brno, Moscow and Montreal.

It was anti-Semitic persecution in Europe that brought the architects to what was then Palestine. A few had come earlier as convinced Zionists, but most arrived in the '30s as National Socialism began to take hold in Germany, where the largest number were studying.

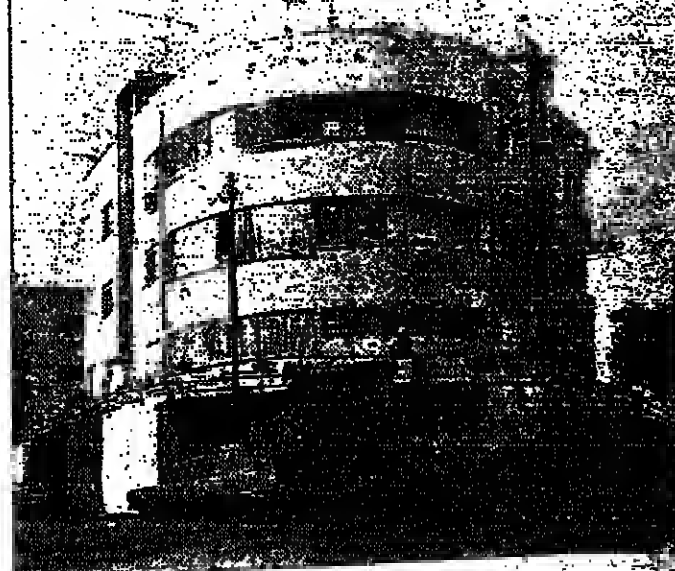
Modern architecture was well-received by the British mandate government, and the young architects were able to apply what they had learned.

Tel Aviv was a new town that had pretensions — Patrick Geddes, the city planner in the '20s, wanted it to be "a transition place and a link between the overcrowded cities of Europe and the renewal of agricultural Palestine."

The Garden City was his ideal, as it was that of his predecessors. As a result, the city has few terraces. Buildings were individually designed, each on its own plot of land, but in a concession to the increased immigration of the '30s, the original idea of single-family houses was abandoned in favor of three-story blocks of several apartments.

The German architectural photographer Irmel Kamp-Bandau discovered Tel Aviv in 1987. She was amazed to find a whole city, it seemed, built in the International Style — the largest ensemble of buildings in that style in the world.

Over the next five years, she found 850 buildings by 202 architects, which she carefully documented and 650 of which she photographed. A selection of these photographs makes up this exhibition.



Kamp-Bandau photograph of a Tel Aviv building

a more tricky style would have done.

Natives of Tel Aviv present at the exhibition were puzzling over the way that, even without dramatizing the buildings, Kamp-Bandau has made them see them as if for the first time. One visitor said that they looked as she remembered them from her youth. Perhaps that is because the pictures allow one to concentrate on the architectural form in a way that is scarcely possible in the real life of today's Tel Aviv.

The absence from the scene of people and passing vehicles, the choice of black-and-white photography, which removes the garish colors of parked cars or of advertising billboards, the framing of the pictures to avoid neighboring distractions — all allow total concentration on a building's essential form.

As one would expect from architects trained at the Bauhaus, at the Technische Hochschule in Berlin or in the studios of Le Corbusier, their buildings are a reaction to the eclecticism that had ruled in Palestine before. Gone are the sloping roofs, the rustic stonework, the orientalism of the various previous styles.

Instead, a clear formal concept was carried out in materials that were to hand: concrete or local sand-cast brick, faced with a smooth sand-colored plaster. As in Europe, the play of contrasting cubes is the main formal element, often lightened and dramatized with sweeping curves, and unified with horizontal features such as windows or balconies. Stairwells often provide the vertical emphasis.

But the European predilection for wide expanses of glass was clearly inappropriate; instead of the horizontal band of glass that was a feature of many modern buildings in Tel Aviv, the main feature was a band of shadow formed by a low-hanging parapet to increase the shade.

Kamp-Bandau's photographs

not only document the buildings, they also lay bare their neglect. The delicate sandy rendering on many of the buildings is crumbling, but even where the fabric has been maintained, balconies have been filled in with windows and shutters, extra stories have been added, the smooth sandy finish has been replaced with a rough-cast plaster, and plate-glass storefronts have taken over the street level.

Some of the photographs have historic value, as neglected but unspoiled buildings have since been inappropriately renovated. One building now features four multi-story advertising billboards in blue and yellow stretched along the roof on both sides facing the street.

UNTIL now, the city authorities have preferred to place a few prominent buildings under protection and leave the others to their fate. Things might change: A conference was held last month in Tel Aviv under the auspices of the UN Educational, Scientific and Cultural Organization to draw attention to the desolate condition of the city's architectural heritage. Kamp-Bandau's pictures have helped in the process of bringing that heritage to the attention of the world.

In Europe, the International Style is known mainly from individual buildings or from housing estates on the edge of cities. As a result, the prejudice that it was essentially monotonous could scarcely be repudiated, especially when the style was used as a cheap way of dealing with the housing shortage after the war. Not every building in this exhibition is a masterpiece, but taken as a whole, Tel Aviv shows that, given the freedom, the architects of the International Style were able to produce the variety that makes a city livable, within the unity of style that gives such a city its character.

Michael Lawton is a freelance writer based in Germany.

## The Intellectual Road of Pritzker Winner

By Michael Gibson  
International Herald Tribune

PARIS — Next Tuesday in Columbus, Indiana, the French architect Christian de Portzamparc will receive the \$100,000 grant and bronze medal of the Pritzker Prize, awarded to the body of his work. He is the 16th recipient of the prize, created in 1979 and awarded over the years to

such major architects as Philip Johnson, I. M. Pei and Oscar Niemeyer, and now routinely described as "the Nobel Prize for architecture."

Portzamparc, the youngest recipient of the prize at 50, comes across as a tightly knit blend of innovation and intense determination. He talks swiftly, in softly modulated French, occasionally flushing when the subject stirs his interest, his attention riveted on an inner landscape of ideas.

The son of a French Army officer, he was born in Morocco but never lived there since the family immediately returned to France. As a youth he was not sure whether he wanted to be an artist or an architect and, being 24 when the European cultural scholarship was given a vigorous shake by the events of 1968, his intellectual development was deeply marked by the ferment of the day.

Portzamparc first attracted attention with a relatively modest project, a water tower on a traffic circle in the new town of Marnes-la-Vallée outside Paris. Enclosed in a towering trellis cage on which creeping plants were destined to grow, it was soon recognized as a landmark. Unfortunately, three years after it was completed in 1974, municipal authorities failed to flush the automatic watering system in winter, the pipes burst, the plants died and the trellis no longer serves its purpose.

The following year, Portzamparc won a competition to build a public housing project of 210 apartments in Paris called *Hauts-Frères*, sets of buildings of varying height and shapes around a central street and square in a manner that contrasts with the rectilinear arrangement favored by administrators and less imaginative architects.

But the two projects that have won him the widest attention are the 1986 *Café Beaubourg* across from the Pompidou Center — a chic, airy space whose most striking feature is a bridge giving access to the balcony gridding the whole



Christian de Portzamparc.

room — and above all the as yet unfinished *City of Music*, which stands in the Parc de la Villette in the northeastern section of Paris.

The latter is actually two large clusters of buildings, set on either side of the entrance to the park. The one to the left has a sweeping, palatial front that might be overpowering if it were not somehow balanced by the variety and fantasy apparent in the side view of the building. The conservatory is an assemblage of varied forms, including a section of a cone, a roller-coaster roof running the length of several buildings that somehow takes under its wing, a sunken garden and other orthogonal structures.

In a sense the music complex embodies the architect's conception of the way harmony may be achieved in cities of the current age. "Buildings should not be homogeneous," he said, "but stand by side, like objects assembled in a still-life painting in which a pear is set beside a knife, a glass, an ewer..."

As a young man, Portzamparc absorbed the dominant ideas and political views of his generation. He was a Maoist for a while, attended the classes of Roland Barthes and Jacques Lacan, read the works of Marxist *maitre à penser* Louis Althusser and wrestled with some of the overly simple ideas to which the deductions of these brilliant minds appeared to lead.

According to the Marxist argument, architecture might be no more than the expression of an ideology — of a class interest with

which society could dispense. People should merely be given the means to build their own homes.

Barthes, an allusive, sensitive speaker, nonetheless sought the key to everything in semantics. He felt that all architecture could be explained in terms of a language of forms — forgetting that a building is not only a statement but the medium of an experience.

The psychoanalyst Lacan helped him break out of such systems and prejudices by making him aware of the vast field of experience that lies beyond consciousness.

He realized that a building inevitably touches the user from both a utilitarian and an emotional point of view. Also, as he points out, after having been subjected to Nazi and Stalinist styles, to "the pompous use of architecture in ways which allowed great institutions to display their power and intimidate the public," postwar architects had tended to favor a purely functional simplicity.

The major difference between his work and that of his "modernist" predecessors resides in the fact that a Le Corbusier, for instance, whose ideas he admired in youth, made buildings that could be plunked down anywhere, "like a suitcase." People were expected to adapt to the buildings rather than vice versa. Portzamparc, by contrast, favors integrating a building into its context, and taking into account the way its forms affect people, not only in practical but also in emotional terms.

PORTZAMPARC spent several years in the '60s working with a multidisciplinary group (sociologists, psychologists, even philosophers), looking into the way people perceived their lives in the new housing complexes that had been built in the '50s. "On the whole, they expressed frustration and suffering," he said. "The interviews were long complaints. I was impressed by that. I discovered that the uses of space touch people in the most personal, intimate areas of their emotional lives."

He does not favor a return to 19th-century solutions, for which Prince Charles has been something of a spokesman, but argues that new solutions must be found that take these needs into account.



Emil Nolde (1867-1956), "Sonnenblumenbild I", oil on panel. Sold for £661,500, May 1993. The most expensive German Expressionist painting sold at auction in 1993.

In 1993, Christie's established many record prices for German and Austrian art in a highly successful sale in London:

Caspar David Friedrich, "Spaziergang in der Abenddämmerung", oil on canvas. £2,311,500.

Ernst Ludwig Kirchner, "Kokotten", pastel. £309,500.

Willi Baumeister, "Monturi", oil on canvas. £485,500.

We are now accepting entries for our next sale of German and Austrian Art, to be held in London in October 1994.

The closing date for consignments falls at the end of July.

If you would like to receive our brochure regarding this sale or further information, please contact Mayella Figgis in London on (4471) 389 2551 or Birgit Seynsche-Vautz in Düsseldorf on (49211) 498 2986.



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# Paris Auctions, Anything but Boring

**PARIS** — With all the talk about international art markets becoming one, regional differences remain as deep as ever. To collectors and dealers accustomed to the Sotheby's-Christie's machinery, hyper-efficient and highly predictable with its regularly scheduled single-focus sales ("Impressionist and Modern Masters," "Old Master Drawings," "Important French Furniture"), attending Drouot sales feels like living in an earlier time.

At the session conducted Wednesday by François de Rucqès, with a bit of everything in it from Old Master drawings to a couple of

SOURIN MELIKIAN

rugs, some marveled at the endurance of this system in an age of commercial rationalization. Others simply enjoyed the tremendous appeal it retains by contrast to the monotony of London and New York. Paris auctions can be full of surprises.

As is usual with him, the vast majority of the lots dispersed by de Rucqès came from private owners. Not only had most been out of the market for a couple of decades or longer, but quite a few fell outside the beaten path. The substantial section of Old Master drawings, for example, included an extraordinary study in pen and ink by Gaspar Vanvittelli. The Venetian landscape painter is better known as one of the founding fathers of the art of the Vedutisti.

Bruno de Bayser, the renowned Paris expert, candidly says that, had he not been aware of the context in which the drawing surfaced, he would not have surmised its authorship. The drawing was once part of a sketchbook by the artist, the scattered leaves of which were sold in Geneva around 1961. The vigorous, nervous style is so unexpected that no one in the room moved to bid. The Vanvittelli dead tree remained unsold at 5,300 francs (\$935).

**P**ERHAPS it was just a question of a warm-up. The next lot, equally unusual, consisted of two sheets of studies, one of quadrupeds, the other of fishes and other water creatures. There is an irresistible touch of snarling humor about the sketches that brings them as close to Mickey Mouse cartoons as late Renaissance work of the early 1600s ever gets. The collector who got them will have good fun at a highly affordable 11,497 francs.

Then, there was an exceedingly rare tiny portrait of a man in Louis XV period costume, done chiefly as an excuse for a highly elaborate sketch of a rococo giltwood frame in the Northern Italian taste. This is a documentary gem in the study of 18th-century decorative art. Probably intended as a model for an engraving, the sketch may eventually be traced to its author. At 7,664 francs, it was a splendid buy.

Other drawings were equally astonishing without being riddles, thanks to a signature. One rarely sees drawings by the Geneva-born bronze-maker James Pradier. Those familiar with his neatly modeled ladies in nude or his small animal figures might not readily recognize his hand in a first thought for Perseus flying off into the air on his winged horse, jotted down in bristly drawn strokes. Luckily, the Pradier stamp was added at the time of the studio sale. It removes any doubt as to who did this. Patrice Dubois, an expert who collects sculptors' drawings, got the Pradier one for 5,474 francs.

Not quite as rare, but highly desirable, was the portrait of a man done by Paul Flandrin in 1833. The precision of the light pencil



German bronze puto, from the first half of the 17th century (above); view of the Place de l'Hôtel de Ville in Paris in July 1830, by Moira (right, top), and James Pradier's sketch of Perseus on his winged horse.



painter who went to London, where he died in 1715. A stone vase filled with flowers is brightly lit, leaving another half plunged in darkness in the background. To the right, while a duck utters its head on the left. A commission left by an unidentified buyer pushed it up to 66,791 francs.

**T**HE other painting of interest was by an artist so obscure that his name is not found in the encyclopedia. E. Bénézi biographical dictionary, Moira, as he signs himself, painted a view of the barricades erected on the Place de l'Hôtel de Ville in Paris in July 1830 when a three-day revolution toppled King Charles X. In so doing, the artist gave a precise rendition of the 16th-century Hôtel de Ville. The Renaissance monument was destroyed by fire in 1871 during the Commune and replaced by the current lumpy pastiche. Moira's work is a major document for architectural historians. It sold for 15,876 francs, a lot if judged on artistic merit, not much if seen as a pictorial record of a lost monument.

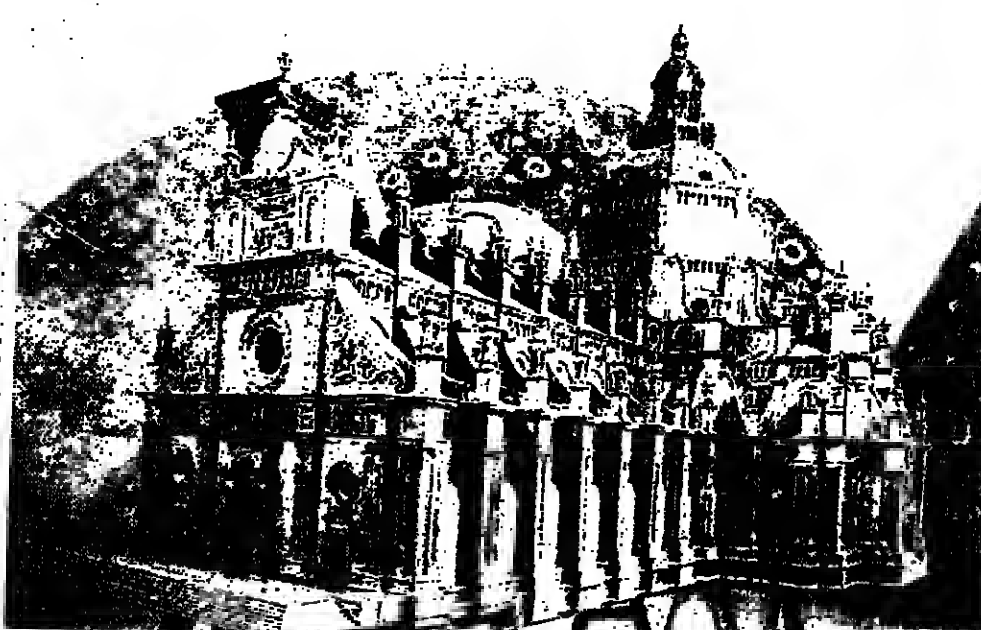
The objects that followed varied in price. A silver-gilt tankard from 17th-century Danzig fetched 131,394 francs.

But the star of the day was, perhaps, not as dearly paid as it seems. This is a standing figure of a bronze puto, labeled in the catalogue as "Germany, first half of the 17th century." Its size alone — it is 71 centimeters

(28 inches) high — would make it important. Achim Neuse, of Bremen, one of Europe's leading dealers in Renaissance and Baroque art, looked ecstatic as he got it for 656,970 francs.

Neuse suspects the piece might be by Carlo di Cesari, who worked with Giambologna. He sees a close connection with a funerary monument of the late 16th century at Freiberg in Saxony. However, Neuse told me, "the research work begins now" — next week, Neuse will be in Freiberg to examine these possible connections. One reason the bronze did not go for more in Paris, Neuse says, is that this is very much a German-taste piece. The heavy, stocky figure is not "pretty" enough for France or Italy. International as the market may have become, tastes deep down are still rooted in the culture of each nation.

National leanings are swept aside only when rarity gives rise to the "last chance" syndrome. The rule worked on May 6, when Marc Ferri sold one of the few pieces remaining outside museums of the blue-and-white porcelain produced in Florence for the Medici in the late 16th century. The disk, in superb condition, is one of the largest. It appeared out of the blue, no pun intended, and was a sensation — so was the world record it set for European ceramics as it was knocked down at 880,000 francs. There is no doubt about it. Drouot never ceases to surprise us.



Giovanni Pietro Fugazza's model for Duomo and Tower in Pavia, at the Venice show.

## Renaissance Monuments And Models of Precision

By Roderick Conway Morris  
International Herald Tribune

**V**ENICE — The colossal new basilica of St. Peter's in Rome, initiated by Pope Julius II in 1506, took so long to build that the list of architects summoned successively to complete the project reads like a roll call of the Renaissance greats: Bramante, Raphael, Peruzzi, Sangallo the Younger, Giulio Romano, Michelangelo — many of whom to a greater or lesser extent redesigned the church, often virtually tearing up, even as construction advanced, his predecessor's plans.

What St. Peter's would have looked like had the 72-year-old Michelangelo not been called in to place his indelible stamp upon it, can be seen in the form of Antonio da Sangallo the Younger's spectacular six-ton wooden architectural model in "The Renaissance from Brunelleschi to Michelangelo: The Representation of Architecture," at the Palazzo Grassi on the Grand Canal. The model, measuring more than 7 meters by 6 meters (23 feet by 19.5 feet) and more than 4.5 meters tall, dominates the capacious atrium of the palazzo.

Sangallo's mother of architectural models is one of 30 Renaissance originals (almost the sum total of what has come down to us, gathered together for the first time), which are shown along with dozens of relevant paintings, medals, manuscripts, models, sculptures and more than 100 drawings by Michelangelo, Bramante, Raphael and others. Architectural exhibitions are notoriously difficult to bring off, but the juxtaposition of the models, fascinating and masterfully crafted objects, and other relevant artworks (displayed with exceptional adroitness and no-nonsense ingenuity by the architect Mario Bellini and his team), creates an illuminating, multifaceted picture of the aims and working methods of Renaissance architects.

The exhibition reminds us of the inseparable relationship that then existed between architecture and the arts and crafts; indeed, architecture as a separate profession scarcely existed — the builders of genius of that age being, like Giotto, Francesco di Giorgio, Bramante, Raphael and Michelangelo,

painters and sculptors in origin; or craftsmen, like Brunelleschi (a goldsmith) and Palladio (a stone-mason). Increasing skills in drawing and perspective led to more daring, suggestive and accurate plans for buildings, the ideal city-scapes of the artists' fantasy in turn becoming ever more attainable in the reality of wood, brick, stone and stucco.

Whether scale models existed in the ancient world is a matter for debate, said Henry Millon of the National Gallery of Art in Washington, one of the exhibition's prime movers, and the co-editor, with Vittorio Magnago Lampugnani, of the show's outstanding and beautifully illustrated catalogue, since surviving examples and representations of them might well be votary or funerary offerings rather than prototypes. Architectural models were certainly being employed by the Middle Ages — though it was with the Renaissance that they came fully into their own.

**S**OME models were used to develop the design in the studio, others to present the project to patrons or to be entered into competitions for commissions, and others still, like the Sangallo colossus (which has a wealth of structural and decorative detail), as an on-site guide to the masons, builders and craftsmen. By the time Leone Battista Alberti was writing his epoch-making architectural treatise and handbook "De re aedificatoria" in the mid-15th century, the use of models was playing a key role in the new architecture as the modern architect moved from initial concept through sketches and drawings to scale model as a means of eliminating errors in design and proportions as they became apparent. This mode of thinking was, Millon said, mirrored by the poets and writers of the period, who also believed "that the only way an idea becomes realized was in the saying of it, that the idea, as long as it remained in the mind, was still not fully formed."

Models also enabled patrons to take a more influential and active part in the proceedings. "When Brunelleschi presented his model of Palazzo Medici to Lorenzo, for example, after studying it, Lorenzo rejected it," Millon said. "And when Bramante showed his model of St. Peter's to the Pope, Julius too wanted something better. In this

way models fired patrons' imaginations, making them push the architect to be even more ambitious."

Sangallo's model of St. Peter's, the most elaborate and detailed ever undertaken, took seven years to build, costing as much, as was noted at the time, as an actual church, and becoming almost an end in itself. The architect, however, died shortly after its completion, and any hopes he might have had of assuring that his wishes would be realized by leaving behind such a clear indication of them, were dashed when Michelangelo took over.

Michelangelo dismissed the model on stylistic and religious grounds, making fun of its many intricate nooks and crannies, its "dark hiding places above and below... perfect lairs for delinquency, for forging money, raping nuns and other such roguery" — and maintaining that at least 25 men would be needed to search the building to ferret out lingering miscreants before it was closed every night.

The model was duly consigned to various Vatican lumber rooms, where it gradually fell into decay, until after 450 years it was near total collapse. Its rescue and renovation for the current show took three years — the saving of this evocative and thought-provoking construction being not the least of this remarkable exhibition's achievements.

The show runs until Nov. 6, but will be closed July 18 to Aug. 18, while alternative drawings will be substituted for conservation reasons.

## A Fighter for Better TV: Dennis Potter's Legacy

By John O'Connor  
New York Times Service

**N**EW YORK — Dennis Potter died this week. And so did a powerful voice, cantankerously insisting that television, which he always praised as the most democratic medium, could be far more than a tireless purveyor of fluffy diversions.

Potter, who was 59, wrote novels, plays and screenplays, but his talents flourished most splendidly, and often controversially, in television drama. If the medium can lay claim to masterpieces, two would have to be the Potter miniseries "Penny from Heaven" and "The Singing Detective."

Probing themes of reality and illusion, sex and death, public and personal betrayal, Potter had boundless contempt for timid industry accountants or feel-good critics who refused to acknowledge that television could be as serious and significant as literature or films at their best.

His credo: "A confidence in common culture, an assumption that people are very much brighter than the market men say they are, that something in them is capable of responding to things that are very complex."

Suffering since his mid-20s from psoriatic arthropathy, a severely painful and frequently debilitating combination of psoriasis and arthritis, Potter was hardly the most genial of men. An executive at the BBC, where the writer did the bulk of his work, once delicately described the organization's relation-

ship with Potter as "stormy," emphasizing that this was hardly out of line with a person embodying "scathing irreverence, wit and a highly charged vision of the world."

At a 1992 lunch arranged by the Museum of Television and Radio in New York City to open an extensive retrospective on "The Television of Dennis Potter," the bristling writer offered horrifyingly vivid descriptions of his skin problems then, for good measure, fixing his gleefully diabolical eyes on a television critic with an Irish surname, spoke of sensing "the smell of the bog."

Potter's own roots were in England's Forest of Dean, close to the border of Wales. There is much of his work the unmistakable touch of the outsider, once removed from the mainstream by either geography or, as so graphically portrayed in "The Singing Detective," some dreadful physical ailment.

Past and present, fact and fiction, love and hate can melt into each other effortlessly, part Freud, part Proust. In "Blade on the Feather," produced for the BBC in the early 1980s, Potter pondered the phenomenon of treason among England's privileged classes and had a character conclude: "The upper class loves only what it owns, and it doesn't quite own enough of England anymore."

On religion, he could be seemingly blasphemous, describing God as "a code word for all kinds of humbug and hypocrisy and institutionalized pap." Yet he told one interviewer that as far as he and the Almighty were concerned, "There's a relationship." Potter's only question: "God, are you there? And if not, why not?"

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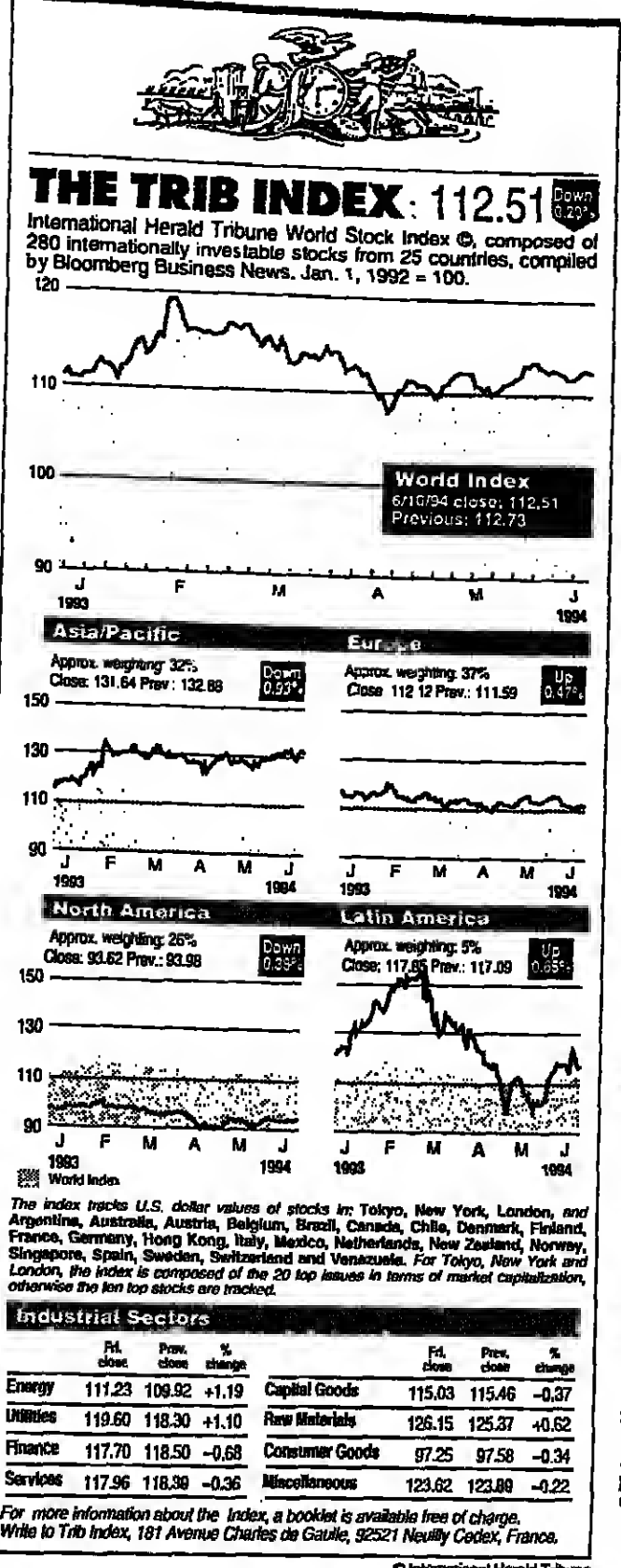


1. The first part of the document is a list of names and their corresponding addresses. The names are listed in the left column, and the addresses are listed in the right column. The names are: John A. Smith, John B. Smith, John C. Smith, John D. Smith, John E. Smith, John F. Smith, John G. Smith, John H. Smith, John I. Smith, John J. Smith, John K. Smith, John L. Smith, John M. Smith, John N. Smith, John O. Smith, John P. Smith, John Q. Smith, John R. Smith, John S. Smith, John T. Smith, John U. Smith, John V. Smith, John W. Smith, John X. Smith, John Y. Smith, John Z. Smith. The addresses are: 123 Main St., 456 Main St., 789 Main St., 101 Main St., 202 Main St., 303 Main St., 404 Main St., 505 Main St., 606 Main St., 707 Main St., 808 Main St., 909 Main St., 1010 Main St., 1111 Main St., 1212 Main St., 1313 Main St., 1414 Main St., 1515 Main St., 1616 Main St., 1717 Main St., 1818 Main St., 1919 Main St., 2020 Main St., 2121 Main St., 2222 Main St., 2323 Main St., 2424 Main St., 2525 Main St., 2626 Main St., 2727 Main St., 2828 Main St., 2929 Main St., 3030 Main St., 3131 Main St., 3232 Main St., 3333 Main St., 3434 Main St., 3535 Main St., 3636 Main St., 3737 Main St., 3838 Main St., 3939 Main St., 4040 Main St., 4141 Main St., 4242 Main St., 4343 Main St., 4444 Main St., 4545 Main St., 4646 Main St., 4747 Main St., 4848 Main St., 4949 Main St., 5050 Main St., 5151 Main St., 5252 Main St., 5353 Main St., 5454 Main St., 5555 Main St., 5656 Main St., 5757 Main St., 5858 Main St., 5959 Main St., 6060 Main St., 6161 Main St., 6262 Main St., 6363 Main St., 6464 Main St., 6565 Main St., 6666 Main St., 6767 Main St., 6868 Main St., 6969 Main St., 7070 Main St., 7171 Main St., 7272 Main St., 7373 Main St., 7474 Main St., 7575 Main St., 7676 Main St., 7777 Main St., 7878 Main St., 7979 Main St., 8080 Main St., 8181 Main St., 8282 Main St., 8383 Main St., 8484 Main St., 8585 Main St., 8686 Main St., 8787 Main St., 8888 Main St., 8989 Main St., 9090 Main St., 9191 Main St., 9292 Main St., 9393 Main St., 9494 Main St., 9595 Main St., 9696 Main St., 9797 Main St., 9898 Main St., 9999 Main St.

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# The Big Board Meets the Wild East

**By Lawrence Malkin**  
*International Herald Tribune*

NEW YORK — Readers of Friday morning's edition of the Shanghai Securities News, the city's authoritative financial newspaper, were treated to yet another tale of China's rising stature in international finance: Five important Chinese companies, the story asserted, had been accepted for listing on the New York Stock Exchange.

But wait a minute.

Remember that this is the Wild East, where a handful of financial newspapers have just been shut down by the authorities for spreading false information.

Asked about the story, a spokesman for the New York Stock Exchange said none of the five Chinese companies had an application pending to list its stocks for trading. In fact, Big Board officials had not even heard of them. In Washington, none of the five had even filed the essential registration statements with the Securities and Exchange Commission.

The Shanghai newspaper said Hua Neng International Power Development would start trading in New York on June 25 in the form of American depository receipts, which is the way most foreign stocks trade here to simplify tax and foreign exchange barriers for American investors. The other four prospective stocks were reported to be China Eastern Airlines, China Southern Airlines, Shandong Huaneng Group, and Tianjin Steel Tube.

The newspaper said that the SEC had made special exceptions for the companies' accounts. To qualify for listing as an ADR, a company must have present at least two previous years of its accounts and often longer. Few Chinese companies have acceptable records going back that far.

The Shanghai Securities News story was picked up and given wide play in Asia and Europe by Reuters, which embellished it with a comment from John Crossman, general manager of Jardine Fleming Shanghai, that "all the five should do well" in the market because U.S. investors are hungry for Chinese stocks but want more information about the companies they invest in.

Reuters also quoted an official of China Eastern Airlines as saying the company hoped to market its shares in New York in October, although many details remained to be worked out with the company's New York investment bankers, Morgan Stanley.

The news service also identified Goldman Sachs as China Southern's bankers, Lehman Brothers as Hua Neng International Power's, and Credit Suisse First Boston as Shandong Huaneng's.

In New York, the bankers ran for cover and refused any comment at all, although SEC officials pointed out that in order to avoid even the suspicion of touting stock before it has been officially registered, stock underwriters traditionally reply to all such company inquiries with no comment.

The story never moved on Reuters' wires in the United States because of the New York Stock Exchange details, but because of the time difference with China it was also too late to check back on the details with

See CHINA, Page 14

# Balsam Declares Bankruptcy as Scandal Widens

**By Ferdinand Protzman**  
*New York Times Service*

BONN — The third major financial scandal to hit Germany in six months escalated Friday as Balsam AG, an international sports flooring company that is the focus of a massive fraud investigation, filed for bankruptcy in the West German city of Bielefeld.

An official at the Bielefeld civil court said the company had filed for bankruptcy and that a local attorney had been appointed to supervise the bankruptcy proceedings. No other details were released.

Balsam is one of the world's largest manufacturers of artificial surfaces for tennis courts, running tracks and playing fields. The company, based in Steinhagen near Bielefeld, has annual sales of about \$275 million and employs 1,500 people worldwide.

Balsam's four-man management board was arrested Tuesday on suspicion of fraud, tax evasion and forgery by using falsified data to obtain loans from an export financing company and then using the funds to speculate in foreign currency options. Friedrich Balsam, the chief executive and single biggest shareholder in the company was among those arrested.

Balsam is the third major financial scandal in Germany over the past six months. In April, Jürgen Schneider AG, Germany's largest real estate development group, collapsed after its owner, Jürgen Schneider, absconded with millions of dollars.

Metallgesellschaft AG, the metals and engineering conglomerate, narrowly avoided bankruptcy in January, after its oil-trading operations posted losses of \$1.33 billion. [Problems surrounding Balsam might be worse than those left by the collapse of the Schneider property empire, the former president of the Bundesbank, Karl Otto Pöhl, said Friday, Agency France-Press reported from Frankfurt.]

[Mr. Pöhl said the extent of the financial problems at Balsam could not yet be calculated. "Regarding the criminal energy which has been put into the Balsam affair, it was far worse than the bankruptcy of Schneider," he said.]

Jost Schmiedeskamp, chief prosecutor in Bielefeld, said the arrests were made and Balsam's headquarters were searched on the basis of a statement made to investigators by the company's chief financial officer, Klaus-Detlev Schlenker.

Mr. Schlenker admitted that the company had used falsified data about its foreign orders to obtain massive credits. Those credits were then used to speculate in financial markets and the proceeds were used to cover up operating losses at Balsam. The company has been running losses since the early 1980s and has been under investigation since 1992, Mr. Schmiedeskamp said.

Mr. Schlenker was dismissed Wednesday. The other board members — Mr. Balsam, Dietmar Orlich and Horst-Bert Schultes — deny any wrongdoing, prosecutors said.

Prosecutors estimate Balsam owes 50 German and foreign banks about \$900 million.

The allegations surrounding Balsam are another blow to the image of Deutsche Bank AG, Germany's largest commercial bank, which figured prominently in the Schneider and Metallgesellschaft affairs and holds a 15 percent stake in Balsam.

Employees at Balsam's Bielefeld operations were stunned by the bankruptcy filing. "The decision was a complete surprise," Marianne Grabolle, the chairwoman of the workers' council there told Germany's DPA news agency. "We didn't think it would go so fast. We all hope the new regime will continue with business as soon as possible."

"Everyone in the banking community is terribly upset by this," said a senior executive at a large German bank in Frankfurt, who requested anonymity.

# U.S. Data Show Drop In Prices

**By Geraldine Fabrikant**  
*New York Times Service*

WASHINGTON — Wholesale prices were down a surprising 0.1 percent in May, their second straight monthly decline, the U.S. government said Friday.

The decrease in the Labor Department's Producer Price Index, which measures inflation pressures before they reach the consumer, matched the 0.1 percent drop in April and was led by declining food and energy costs.

It marked the first time since the middle of 1991 that the index had declined for two consecutive months.

But despite the apparent good news, the bond market fell after the report was released because, analysts said, the underlying inflation rate excluding food and energy prices rose more than was generally expected.

The so-called core rate was up

See PRICES, Page 14

# Ziff Seen Selling Publishing Empire

**By Geraldine Fabrikant**  
*New York Times Service*

NEW YORK — The intensely private Ziff family is putting its publishing empire up for sale, according to several publishing-industry executives.

The executives estimated that Ziff Communications Co. could fetch \$1.5 billion to \$2.5 billion in an auction, based on its sales of about \$1 billion last year and cash flow of roughly \$150 million.

Family members and company executives declined to comment on the possible sale.

The most visible holdings of Ziff Communications include eight personal computer magazines, the largest of which is PC Magazine, which has more than a million subscribers. The company's other leading publications include PC Week, a trade weekly, and Computer Shopper, a monthly catalogue magazine for home shoppers.

Besides magazines, Ziff Communications also owns Information Access Co., an electronic information business, and Interchange Networks Co., an on-line business.

[K-III] Communications Corp is interested in buying some business

es of Ziff, K-III's president, Charles McCurdy, told Reuters in New York. "We've been actively looking at and acquiring businesses, and this is the type of business we would look at closely," Mr. McCurdy said.

[Asked whether K-III was specifically interested in purchasing Ziff's computer magazines, Mr. McCurdy said, "We would be interested in them, yes." He declined to say whether K-III has been in negotiations with Ziff officials.]

Officials of K-III, which owns about 50 consumer and trade magazines, said they believe the computer magazines would be a good fit for the company.

[Among other contenders to buy Ziff, Bloomberg Business News quoted analysts as saying Friday, are Reed Elsevier PLC, Thomson Corp. and Times Mirror Co.]

[Reed Elsevier is a venture of Reed International and Elsevier NV that produces a range of business and scientific publications and offers computer software. Thomson owns specialty publications, electronic information services and newspapers in the United States and Canada. Times Mirror, the

## ECONOMIC SCENE

# Why Such a Rush to the Pacific Rim?

**By Thomas L. Friedman**  
*New York Times Service*

WASHINGTON — Since President Bill Clinton took office, his administration's message to American business has been unambiguous: "Follow the sun." At every opportunity Mr. Clinton's team has described the Asia-Pacific region as the nation's most lucrative economic frontier.

But a new study now challenges that thesis, amassing trade data that suggest that Europe remains America's most important economic partner and will be for years to come.

The Economic Strategy Institute, a private research group financed by American corporations, compared Asia and Western Europe in categories such as trade, direct investment in the United States, U.S. direct investment abroad and technology transfers — and it concluded that links between the United States and Europe benefited the American

economy far more than those between the United States and Asia.

The study contends America has a much more balanced and mutually beneficial trade relationship with Europe because the two follow basically similar models of capitalism, whereas even Japan and other capitalist Asian nations have systems that differ greatly from the American one, in terms of corporate structure, antitrust rules and government-business relations. This disparity produces "highly skewed flows of goods, capital and technology," the study said.

Such conclusions will fuel an already heated debate in America between traditional economists and revisionists, who argue that Asians countries practice a distinct brand of capitalism that makes their markets more difficult to penetrate.

The conventional wisdom among economists is that "capitalism is capitalism is capitalism," thus discrepancies in trade and in-

# Latin America Shrugs Off Higher U.S. Rates

**By Erik Ipsen**  
*International Herald Tribune*

LONDON — Four months after U.S. authorities began raising interest rates in a pre-emptive strike against inflation, Latin America is feeling the pinch but not yet the pain.

In Mexico and Argentina, short-term money market interest rates have more than doubled as the flow of foreign funds has shriveled, yet both see growth holding firm.

Many economists, in fact, as well as some Latin American officials say that this year's reduced flow of capital from abroad may be a

bit of a blessing. Eduardo Aninat, Chile's finance minister, says that last year the flow of capital into that country equaled 5.5 percent of its total gross domestic product. "It is quite a lot to absorb," he said.

Last year alone, the region's three largest economies — Argentina, Brazil and Mexico — raised a total of \$20.9 billion on the international bond markets.

"Although capital inflows are clearly positive in that they lead to higher investment and consumption, they can quite often have an inflationary impact as well," said Marilyn

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Cross Rates									
	US\$	DM	FF	Yen	GBP	HK\$	S\$	NT\$	Other
Australia	1.25	1.25	1.25	1.25	1.25	1.25	1.25	1.25	1.25
Canada	1.25	1.25	1.25	1.25	1.25	1.25	1.25	1.25	1.25
France	1.25	1.25	1.25	1.25	1.25	1.25	1.25	1.25	1.25
Germany	1.25	1.25	1.25	1.25	1.25	1.25	1.25	1.25	1.25
Italy	1.25	1.25	1.25	1.25	1.25	1.25	1.25	1.25	1.25
Japan	1.25	1.25	1.25	1.25	1.25	1.25	1.25	1.25	1.25
South Africa	1.25	1.25	1.25	1.25	1.25	1.25	1.25	1.25	1.25
Switzerland	1.25	1.25	1.25	1.25	1.25	1.25	1.25	1.25	1.25
UK	1.25	1.25	1.25	1.25	1.25	1.25	1.25	1.25	1.25
US	1.25	1.25	1.25	1.25	1.25	1.25	1.25	1.25	1.25

Eurocurrency Deposits									
	1 month	3 months	6 months	1 year	2 years	3 years	4 years	5 years	Other
Australia	1.25	1.25	1.25	1.25	1.25	1.25	1.25	1.25	1.25
Canada	1.25	1.25	1.25	1.25	1.25	1.25	1.25	1.25	1.25
France	1.25	1.25	1.25	1.25	1.25	1.25	1.25	1.25	1.25
Germany	1.25	1.25	1.25	1.25	1.25	1.25	1.25	1.25	1.25
Italy	1.25	1.25	1.25	1.25	1.25	1.25	1.25	1.25	1.25
Japan	1.25	1.25	1.25	1.25	1.25	1.25	1.25	1.25	1.25
South Africa	1.25	1.25	1.25	1.25	1.25	1.25	1.25	1.25	1.25
Switzerland	1.25	1.25	1.25	1.25	1.25	1.25	1.25	1.25	1.25
UK	1.25	1.25	1.25	1.25	1.25	1.25	1.25	1.25	1.25
US	1.25	1.25	1.25	1.25	1.25	1.25	1.25	1.25	1.25

Key Money Rates									
	1 month	3 months	6 months	1 year	2 years	3 years	4 years	5 years	Other
Australia	1.25	1.25	1.25	1.25	1.25	1.25	1.25	1.25	1.25
Canada	1.25	1.25	1.25	1.25	1.25	1.25	1.25	1.25	1.25
France	1.25	1.25	1.25	1.25	1.25	1.25	1.25	1.25	1.25
Germany	1.25	1.25	1.25	1.25	1.25	1.25	1.25	1.25	1.25
Italy	1.25	1.25	1.25	1.25	1.25	1.25	1.25	1.25	1.25
Japan	1.25	1.25	1.25	1.25	1.25	1.25	1.25	1.25	1.25
South Africa	1.25	1.25	1.25	1.25	1.25	1.25	1.25	1.25	1.25
Switzerland	1.25	1.25	1.25	1.25	1.25	1.25	1.25	1.25	1.25
UK	1.25	1.25	1.25	1.25	1.25	1.25	1.25	1.25	1.25
US	1.25	1.25	1.25	1.25	1.25	1.25	1.25	1.25	1.25

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GAME 6	GAME 7	GAME 8	GAME 9	GAME 10
1 2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23 24 25 26 27 28 29 30 31 32 33 34 35 36 37 38 39 40 41 42 43 44 45	1 2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23 24 25 26 27 28 29 30 31 32 33 34 35 36 37 38 39 40 41 42 43 44 45	1 2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23 24 25 26 27 28 29 30 31 32 33 34 35 36 37 38 39 40 41 42 43 44 45	1 2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23 24 25 26 27 28 29 30 31 32 33 34 35 36 37 38 39 40 41 42 43 44 45	1 2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23 24 25 26 27 28 29 30 31 32 33 34 35 36 37 38 39 40 41 42 43 44 45

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TWO GAMES	<input type="checkbox"/> \$ 98	<input type="checkbox"/> \$ 196	<input type="checkbox"/> \$ 392
THREE GAMES	<input type="checkbox"/> \$ 147	<input type="checkbox"/> \$ 294	<input type="checkbox"/> \$ 588
FOUR GAMES	<input type="checkbox"/> \$ 196	<input type="checkbox"/> \$ 392	<input type="checkbox"/> \$ 784
SIX GAMES	<input type="checkbox"/> \$ 294	<input type="checkbox"/> \$ 588	<input type="checkbox"/> \$ 1176
TEN GAMES	<input type="checkbox"/> \$ 490	<input type="checkbox"/> \$ 980	<input type="checkbox"/> \$ 1960

EXTRA DRAWS FREE (The Extra Draws are Added to Your Subscription)	You get 4 DRAWS FREE	You get 12 DRAWS FREE
<input type="checkbox"/> AUTOMATIC RENEWAL (At the end of my subscription period, please renew my GAME(S) automatically by charging my credit card unless I notify you otherwise)	<input type="checkbox"/> YES	<input type="checkbox"/> NO
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## MARKET DIARY

Oils and Computers  
Boost Blue Chips

Bloomberg Business News

NEW YORK — U.S. stocks capped a bearish week with a mild rally Friday that was boosted by rises in oil and semiconductor shares.

The Dow Jones industrial average was 20.31 points higher at 3,773.45, according to a late tally.

## U.S. Stocks

although at one point in the session it had risen as much as 24.31 points.

Blue-chip stalwarts that are sensitive to economic cycles posted some of the strongest gains, including Caterpillar, Bethlehem Steel and Alcoa.

The Nasdaq Combined Composite Index also regained some ground lost during a bearish week, rising 5.44 points to 734.31. It was driven by rallies in Intel, Microsoft and Oracle, shares that had been under pressure all week.

Only 22.6 million shares traded on Friday, the lowest total since May 31, the Tuesday following Memorial Day weekend. About 11

stocks rose for every eight that fell on the Big Board.

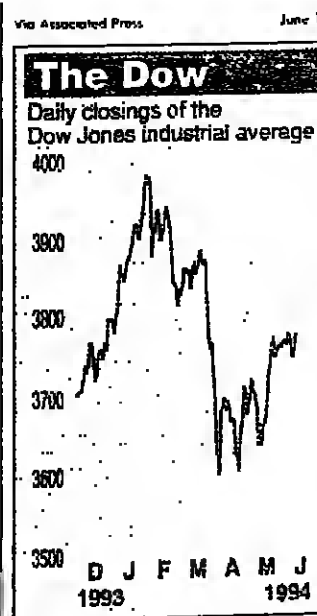
American depositary receipts in Hanson PLC accounted for about a tenth of the trading volume, more than 10 times the daily average of 1.95 million shares in the stock during the past three months.

Dealers said that institutional investors swapped multimillion-share blocks of the British conglomerate's American depositary receipts back and forth. The prearranged trades allowed institutions to own the stock for long enough to receive Hanson's next dividend, and to obtain British withholding tax credits that would otherwise go to tax-exempt investors, such as pension funds.

Chip makers' shares rose after a better-than-expected report issued late Thursday on semiconductor orders in May.

Shares of Motorola rose 1 1/2 to 46 1/2, Texas Instruments rose 2 1/2 to 77 1/2, and Applied Materials climbed 1 1/2 to 40.

Oil stocks rallied amid gains in crude oil prices, up more than \$1 a barrel since Tuesday.



D J F M A M J 1994

NYSE Most Active

Vol.	High	Low	Last	Chg.
Hewlett-Packard	20,516	19 1/4	19 1/4	+1/4
IBM	18,421	19 1/4	19 1/4	+1/4
Microsoft	15,111	19 1/4	19 1/4	+1/4
Oracle	14,111	19 1/4	19 1/4	+1/4
Intel	13,111	19 1/4	19 1/4	+1/4
Motorola	12,111	19 1/4	19 1/4	+1/4
Texas Instruments	11,111	19 1/4	19 1/4	+1/4
Applied Materials	10,111	19 1/4	19 1/4	+1/4
Advanced Micro Devices	9,111	19 1/4	19 1/4	+1/4
Linear Technology	8,111	19 1/4	19 1/4	+1/4

NASDAQ Most Active

Vol.	High	Low	Last	Chg.
IBM	18,421	19 1/4	19 1/4	+1/4
Microsoft	15,111	19 1/4	19 1/4	+1/4
Oracle	14,111	19 1/4	19 1/4	+1/4
Intel	13,111	19 1/4	19 1/4	+1/4
Motorola	12,111	19 1/4	19 1/4	+1/4
Texas Instruments	11,111	19 1/4	19 1/4	+1/4
Applied Materials	10,111	19 1/4	19 1/4	+1/4
Advanced Micro Devices	9,111	19 1/4	19 1/4	+1/4
Linear Technology	8,111	19 1/4	19 1/4	+1/4

AMEX Most Active

Vol.	High	Low	Last	Chg.
IBM	18,421	19 1/4	19 1/4	+1/4
Microsoft	15,111	19 1/4	19 1/4	+1/4
Oracle	14,111	19 1/4	19 1/4	+1/4
Intel	13,111	19 1/4	19 1/4	+1/4
Motorola	12,111	19 1/4	19 1/4	+1/4
Texas Instruments	11,111	19 1/4	19 1/4	+1/4
Applied Materials	10,111	19 1/4	19 1/4	+1/4
Advanced Micro Devices	9,111	19 1/4	19 1/4	+1/4
Linear Technology	8,111	19 1/4	19 1/4	+1/4

Market Sales

NYSE	Vol.	High	Low	Last	Chg.
NYSE	20,516	19 1/4	19 1/4	19 1/4	+1/4
Nasdaq	15,111	19 1/4	19 1/4	19 1/4	+1/4
AMEX	14,111	19 1/4	19 1/4	19 1/4	+1/4

Continued from Page 13

which dropped 0.9 percent after declining 0.5 percent in April.

Inflation has been mild for more than three years, the best stretch in three decades. The cost of living was up 2.7 percent last year, following a 2.9 percent rise in 1992.

Data Weaken Dollar

The dollar weakened against the Deutsche mark and the yen as traders sold U.S. bonds on fresh concern about accelerating inflation in view of the pick-up in the core inflation rate, Bloomberg Business News reported from London.

"The message from the rise in the core rate is that it's not all quiet on the inflation front," said Brian Hubbard, economist at Societe Generale Strauss Turbun.

Deutsche marks from 1.6672 DM on Thursday, and to 1.0532 DM on 10.39.5 yen, from 5.6760, and to 1.4057 Swiss francs from 1.4097. The pound was little changed, closing at \$1.5090 from 1.5093.

"The market viewed the inflation report as fairly ambiguous, and that prevented any strong bets being taken today," said Avinash Persaud of J.P. Morgan Europe. "I think the report highlights the further risks to inflation, however, and by keeping a risk over the bond it will risk dragging the dollar down."

Dealers said the dollar had been further weakened against the yen due to weakness about a possible toughening by Washington in the trade negotiations with Japan.

ZIFF: Selling Publishing Empire?

Continued from Page 13

trade publications and consumer publications like Car and Driver.

In the early 1980s, Bill Ziff was stricken with cancer. Concerned about his future, he began selling large pieces of his company and retired. Among the operations he sold were the television stations, which were acquired by a leveraged buyout group. Mr. Ziff also sold the consumer publications to CBS Inc. for \$300 million. The trade

publications were sold to News Corp. for \$350 million.

But at the time, the personal computer magazines were not profitable and Mr. Ziff decided not to try to sell them.

By the late 1980s, he had returned to his business, although he retired and became chairman emeritus last November.

PC Magazine was started in 1981 and acquired by Ziff Communications after two issues for several million dollars.

Shanghai, Because Reuters in London said it was unable to tap into its Asian stock quotes when asked to do so by the International Herald Tribune, it was not known whether there had been any unusual activity in local shares of the five companies on the day the story appeared, which could indicate the story was a deliberate plot to make a profit on a quick movement in the market.

The alternative explanation is more innocent but less likely — that a local reporter did not understand the huge gap between the intent of listing a stock and its actual approval for trading.

Several other Chinese firms such as Shanghai Petrochemical and Shanghai Tyre & Rubber are already traded in New York, and China has made great fanfare in world financial markets by listing Brilliance Auto and selling \$1 billion worth of dollar-denominated Chinese bonds through Merrill Lynch.

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## Dow Jones Averages

Index	High	Low	Last	Chg.
Dow Jones Industrial Average	3,773.45	3,773.45	3,773.45	+20.31
S&P 500	1,151.15	1,151.15	1,151.15	+1.15
Nasdaq Composite	734.31	734.31	734.31	+5.44
AMEX	1,151.15	1,151.15	1,151.15	+1.15

## Standard &amp; Poor's Indexes

Index	High	Low	Last	Chg.
Industrial	1,151.15	1,151.15	1,151.15	+1.15
Transportation	1,151.15	1,151.15	1,151.15	+1.15
Utilities	1,151.15	1,151.15	1,151.15	+1.15
Chemicals	1,151.15	1,151.15	1,151.15	+1.15
SP 500	1,151.15	1,151.15	1,151.15	+1.15
SP 100	1,151.15	1,151.15	1,151.15	+1.15

## NYSE Indexes

Index	High	Low	Last	Chg.
Composite	734.31	734.31	734.31	+5.44
Industrial	734.31	734.31	734.31	+5.44
Transportation	734.31	734.31	734.31	+5.44
Utilities	734.31	734.31	734.31	+5.44
Chemicals	734.31	734.31	734.31	+5.44
SP 500	734.31	734.31	734.31	+5.44
SP 100	734.31	734.31	734.31	+5.44

## NASDAQ Indexes

Index	High	Low	Last	Chg.
Composite	734.31	734.31	734.31	+5.44
Industrial	734.31	734.31	734.31	+5.44
Transportation	734.31	734.31	734.31	+5.44
Utilities	734.31	734.31	734.31	+5.44
Chemicals	734.31	734.31	734.31	+5.44
SP 500	734.31	734.31	734.31	+5.44
SP 100	734.31	734.31	734.31	+5.44

## AMEX Stock Index

Index	High	Low	Last	Chg.
Composite	1,151.15	1,151.15	1,151.15	+1.15
Industrial	1,151.15	1,151.15	1,151.15	+1.15
Transportation	1,151.15	1,151.15	1,151.15	+1.15
Utilities	1,151.15	1,151.15	1,151.15	+1.15
Chemicals	1,151.15	1,151.15	1,151.15	+1.15
SP 500	1,151.15	1,151.15	1,151.15	+1.15
SP 100	1,151.15	1,151.15	1,151.15	+1.15

## Dow Jones Bond Averages

Index	High	Low	Last	Chg.
30 Bonds	101.45	101.45	101.45	+0.15
10 Utilities	101.45	101.45	101.45	+0.15
10 Industrials	101.45	101.45	101.45	+0.15

## NYSE Diary

Index	High	Low	Last	Chg.
Advanced	115.08	115.08	115.08	+0.08
Unchanged	115.08	115.08	115.08	+0.08
Declined	115.08	115.08	115.08	+0.08
Total	115.08	115.08	115.08	+0.08
High/Low	115.08	115.08	115.08	+0.08
New High	115.08	115.08	115.08	+0.08
New Low	115.08	115.08	115.08	+0.08

## AMEX Diary

Index	High	Low	Last	Chg.
Advanced	115.08	115.08	115.08	+0.08
Unchanged	115.08	115.08	115.08	+0.08
Declined	115.08	115.08	115.08	+0.08
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New High	115.08	115.08	115.08	+0.08
New Low	115.08	115.08	115.08	+0.08

## Spot Commodities

Commodity	Today	Prev.
Crude oil	22.60	22.60
Gold	375.00	375.00
Silver	5.00	5.00
Copper	1.50	1.50
Aluminum	0.50	0.50
Zinc	0.50	0.50

## Industrials

Index	High	Low	Last	Chg.
Advanced	115.08	115.08	115.08	+0.08
Unchanged	115.08	115.08	115.08	+0.08
Declined	115.08	115.08	115.08	+0.08
Total	115.08	115.08	115.08	+0.08
High/Low	115.08	115.08	115.08	+0.08
New High	115.08	115.08	115.08	+0.08
New Low	115.08	115.08	115.08	+0.08

## U.S. FUTURES

Index	High	Low	Last	Chg.
Advanced	115.08	115.08	115.08	+0.08
Unchanged	115.08	115.08	115.08	+0.08
Declined	115.08	115.08	115.08	+0.08
Total	115.08	115.08	115.08	+0.08
High/Low	115.08	115.08	115.08	+0.08
New High	115.08	115.08	115.08	+0.08
New Low	115.08	115.08	115.08	+0.08

Shanghai, Because Reuters in London said it was unable to tap into its Asian stock quotes when asked to do so by the International Herald Tribune, it was not known whether there had been any unusual activity in local shares of the five companies on the day the story appeared, which could indicate the story was a deliberate plot to make a profit on a quick movement in the market.

The alternative explanation is more innocent but less likely — that a local reporter did not understand the huge gap between the intent of listing a stock and its actual approval for trading.

Several other Chinese firms such as Shanghai Petrochemical and Shanghai Tyre & Rubber are already traded in New York, and China has made great fanfare in world financial markets by listing Brilliance Auto and selling \$1 billion worth of dollar-denominated Chinese bonds through Merrill Lynch.

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EUROPE

## Enterprise May Lift Its Bid for Lasmio

**Compiled by Our Staff From Dispatches**  
**LONDON** — An independent valuation of Lasmio PLC will probably prompt Enterprise Oil PLC to improve its bid for the oil and gas exploration and production company, analysts said Friday.  
After the release Friday of the valuation, which put Lasmio's net assets at 180 pence to 211 pence (\$2.71 to \$3.18) a share, Enterprise said it would not offer a cash alternative to its all-paper offer for Lasmio, launched on April 27, unless a rival bidder appeared. But it did not rule out a higher offer in securities or in a mix of cash and securities.  
One senior analyst said the lack of a full cash alternative made it even less likely that Enterprise's offer, which is scheduled to close Friday, would be accepted by Lasmio shareholders.  
Under current terms, Enterprise is offering 27 new Enterprise A shares and 12 Enterprise warrants for every 80 Lasmio shares held. At the close of business on April 27, the Enterprise bid valued each Lasmio share at 150 pence, with the whole company valued at about £1.4 billion.  
In its document to shareholders, Lasmio said the valuation, conducted by the company DeGolyer & MacNaughton, estimated the base case valuation at 180 to 211 pence a share, or at 216 to 252 pence if average oil prices rise by \$2 a barrel.  
A Hoare Govett oil analyst, Nick Antill, said that at the current Enterprise share price of around 410 pence, the Enterprise bid values each Lasmio share at only around 136 pence. Lasmio closed at 142 pence Friday in London trading, up 3.  
Mr. Antill said Lasmio's net asset valuation, although higher than many market estimates, was "not surprising" given that it included a valuation of all Lasmio's assets, including exploration acreage that is not currently under development and commercial, technical and exploration potential.  
In estimates of Lasmio's valuation made in U.K. financial circles, which range from around 110 pence to 120 pence a share, there is "nothing for it but the theoretical valuation of assets," he said.  
He said Enterprise "will have to improve the terms of its bid" for Lasmio, with either a partial cash alternative or an increased all-paper offer.  
But, even with a partial cash alternative, Enterprise is unlikely to be successful, he added.  
Mr. Antill said he expected the Enterprise bid for Lasmio to lapse, with no other bidder likely to come forward with a cash offer.  
Societe Generale Strauss Turnbull's oil team said Enterprise was "obviously going to have to respond" to the Lasmio valuation.  
"Our view is that Enterprise is probably going to have to make a higher bid," although anything that valued Lasmio's shares at more than 150 pence a share may look a "little overdone," a report from the team said. (AFP, Bloomberg)

## Philips Gets A \$2.5 Billion Credit Line

**Bloomberg Business News**  
**AMSTERDAM** — Philips Electronics NV said it received a \$2.5 billion revolving stand-by facility, the largest ever for a Dutch borrower. "With this, we are buying some security and flexibility in financing," said a Philips spokesman.  
He said the facility is not intended as a means to finance an acquisition. When it presented first-quarter earnings last month, Philips said it was on the lookout for a large acquisition in the media.  
By the end of the month, Philips will pay out of its cash surplus the remaining \$300 million of the \$2 billion loan it took out in 1990.  
The company said the facility has a maturity of five years and allows for multicurrency drawings.

## British Insurer Expands Commercial Union to Buy French Unit

**Compiled by Our Staff From Dispatches**  
**LONDON** — Commercial Union PLC, Britain's largest mutual insurer, said Friday that it would buy most of the French insurance unit of Compagnie de Suez SA for £1.46 billion (\$2 billion) in an aggressive expansion into the Continental market.  
Commercial Union said it would finance the acquisition of Compagnie Financiere du Groupe Victoire with a combination of debt and equity. Victoire is France's seventh-largest insurer, analysts said.  
"We believe that the French insurance market offers good growth opportunities, especially in life and pension products," said John Carter, Commercial Union's chief executive.  
The price — equal to 12.5 billion French francs, substantially less than the 18 billion francs at which Compagnie de Suez valued Victoire — means that Commercial Union is expanding into the Continent on the cheap, analysts said.  
"Commercial Union needs another beachhead to become a big player in Europe," said Charles Landa, an insurance industry analyst at SGST Securities. "This is potentially a very good deal."  
Commercial Union, which transacts all classes of insurance and life assurance except industrial life, currently writes less than 1 percent of its premiums in France. Last year, the insurer narrowed its underwriting loss in France by 25 percent, to £24 million.  
With the acquisition, Commercial Union will get two of Victoire's three French insurance units: Abellie Assurances, a nonlife insurer, and Abellie Vie, a life insurer. Victoire also owns Abellie Re, a reinsurer.  
Suez, whose other businesses include banking and specialized financial services, will retain various Victoire assets, including the reinsurance business and Canadian operations.  
Suez's chairman, Gerard Worms, said the company expected to make a gain of about 10 billion francs on the sale as a result of Victoire dividends and the sale proceeds minus the cost of buying shares in Commercial Union.  
Commercial Union said that Suez was buying 600 million francs worth of shares.  
Suez, which acquired Victoire four years ago after a lengthy takeover battle with Union des

## Ford Plans A 'City Car' For 1996

**Bloomberg Business News**  
**LONDON** — Ford Motor Co. said Friday it would build a city car for the European, Asian and Latin American markets for sale as early as 1996, joining a growing number of automakers rolling out the small cars.  
Ford declined to say whether the car would be produced as a joint venture with Mazda Motor Corp. The U.S. carmaker has a 25 percent stake in Mazda and has said it would develop a global car with its Japanese partner.  
The city-car project would be overseen by Ford executives in Britain, who under the company's new structure are in charge of development of all the company's small cars.  
Ford unveiled a city-car project model, the Ka, in January at a Geneva car show to see whether it attracted enough interest to warrant a production run.  
"We had very strong positive response to the Ka, and it was clear there was a market there," said a Ford spokeswoman, Kay Francis.  
Ford Chairman Alex. Trotman, in confirming the decision, told Automotive News that Ford "will be quite aggressive" in the segment, which currently has only three outright competitors in Europe.  
By 1997, however, Ford would find the existing Rover Mini, Renault Twingo and Fiat Cinquecento city cars joined by rivals from General Motors Co./Adam Opel AG, from Peugeot SA and Citroen of France and from Mercedes-Benz, Volkswagen AG and Honda Motor Co.

Investor's Europe				
Frankfurt DAX	London FTSE 100 Index	Paris CAC 40		
2400	3500	2400		
2200	3300	2200		
2000	3100	2000		
1800	2900	1800		
1600	2700	1600		
1400	2500	1400		
1200	2300	1200		
1000	2100	1000		
800	1900	800		
600	1700	600		
400	1500	400		
200	1300	200		
0	1100	0		
Exchange	Index	Friday Close	Prev. Close	% Change
Amsterdam AEX		406.71	405.26	+0.36
Brussels Stock Index		7,625.72	7,631.79	-0.08
Frankfurt DAX		2,133.06	2,129.32	+0.18
Frankfurt FAZ		810.73	811.29	-0.07
Helsinki HEX		1,712.39	1,734.30	-1.26
London Financial Times 30		2,414.90	2,401.60	+0.55
London FTSE 100		3,055.90	3,026.90	+0.99
Madrid General Index		324.90	323.77	+0.35
Milan MIB		1,215.00	1,221.00	-0.49
Paris CAC 40		2,020.72	2,028.39	-0.38
Stockholm Aftersveenden		1,840.11	1,841.21	-0.06
Vienna Stock Index		459.16	454.91	+0.93
Zurich SBS		973.59	977.81	-0.43

Sources: Reuters, AFP International Herald Tribune

### Very briefly:

- Royal Nedlloyd NV said talks on its cooperation plan with shipping companies Mitsui O.S.K. Lines Ltd. of Japan, Orient Overseas Container Line of Hong Kong and American President Lines could lead to agreements on land transport or a possible merger, and said it would raise rates on container routes from Europe to Asia by 5 percent to 9 percent July 1.
- Bayer AG said it planned to set up a solar energy unit with an initial investment of 50 million Deutsche marks (\$30 million) by taking over the solar-energy activities of Wacker-Chemtronik Gesellschaft für Elektronik-Grundstoffe GmbH and Freiburger Elektronikwerkstoffe GmbH.
- Krone AG, a German machinery manufacturer, plans to raise 190 million Deutsche marks from the sale of new preferred shares to existing investors and said it plans to split its stock 3 for 1.
- Britain's deficit in visible trade widened to £1.18 billion pounds (\$2 billion) in March from a revised £874 million in February; market expectations were for a March deficit of about £800 million.

AFP, AFP, Knight-Ridder

## French Water Companies Strike Back as Allegations Pummel Stocks

**Compiled by Our Staff From Dispatches**  
**PARIS** — Two French water distribution companies at the center of corruption allegations in the French press hit back Friday as their already-battered stock prices slid further.  
Compagnie Generale des Eaux SA said it had hired a lawyer, Jean-Denis Bredin, to defend itself against the ongoing allegations of political corruption.  
Separately, Jerome Monod, chairman of its main rival, Lyonnaise des Eaux-Dumez SA, went on radio to defend his company's reputation. Mr. Monod has described the allegations in the book as irresponsible and

pernicious and said press coverage could be "extremely damaging" to the company.  
Generale des Eaux shares fell 39 francs (\$7), or 1.8 percent, to 2,225 francs, on the Bourse on Friday. Lyonnaise shares fell 3 francs to 529. Lyonnaise shares had already fallen 5.75 percent over the past two days, while Generale des Eaux shares had declined 6.6 percent since Monday.  
Meanwhile, the securities oversight agency, known by its French acronym COB, said it was reviewing movements in the stock price of Generale des Eaux. The company said it had requested an investigation.  
This week's drop in the stocks followed the distribution of a political pamphlet,

"The Black Book of Corruption," an expose by a French judge, Thierry Jean-Pierre, who is currently campaigning for election to the European Parliament. The magistrate had previously investigated politicians on charges of illegal financing.  
While his pamphlet does not name specific companies, it does refer to two large public-service companies, which he says have been responsible for 80 percent of political corruption in France.  
On Thursday, the weekly magazine L'Evenement du Jeudi, citing the pamphlet, published a 10-page feature on Generale des Eaux. Headlined, "Enquiry Into the Lobby-

ing Empire of Generale des Eaux," the story also referred to Lyonnaise des Eaux.  
The article summarized the companies' complex relationships with local government officials across France. Some examples of wrongdoing cited by the article included accusations that executives of the water companies allegedly provided gifts and free travel to officials and their families.  
It also cited instances of company executives cultivating contacts with local government officials over long periods in their efforts to win prized contracts.  
One former local government official cited in the report, Andre Fougere, confirmed that he and his wife had accepted

trips offered by a subsidiary of Generale des Eaux. He said he traveled to the Indian Ocean islands of Mauritius and La Reunion and to the Caribbean. Visits to water-treatment plants in those areas were interspersed with leisure time, and that other French officials also were on the trips, he said.  
Mr. Fougere said that a judicial investigation into the trips he accepted had been under way since January 1993, and that he had resigned as mayor of Osmund, near Strasbourg, in June, 1991, as a result of criticism over his acceptance of the trips.  
Generale des Eaux said it had no immediate comment on Mr. Fougere's comments. (Bloomberg, Reuters, AFP)

## Klöckner & Co. Buys Control of Computer Firm

**Bloomberg Business News**  
**MUNICH** — Klöckner & Co., the German iron, steel and chemicals company, bought at least 50 percent of Computer 2000, the computer company said Friday.  
"We expect that this cooperation with Klöckner, which is represented in over 30 countries throughout the world, to be very fruitful," Walter von Sczytnicki, a member of Computer 2000's management board, said.  
He repeated an earlier forecast that this year's sales were likely to increase as much as 3 billion DM. "We believe this will help us to reach our goal of 10 billion Deutsche marks by the year 2000," he said, referring to sales.  
In the year ended on Sept. 30, 1993, Computer 2000 reported a 54 percent jump in sales, to 2.79 billion DM (\$1.7 billion), while net profit soared 79 percent, to 423 million DM.  
The companies will hold a joint press conference in early July to reveal further details of the acquisition. Computer 2000 said. Klöckner is owned by VIAG AG. The Computer 2000 acquisition is subject to approval by Germany's anti-trust authorities.

## NYSE

**Friday's Closing**  
Tables include the nationwide prices up to the closing on Wall Street and do not reflect late trades elsewhere. Via The Associated Press

12 Month High Low Stock	DN	Yld	PE	52 Wk High	Low	Latest Clsng
1000						
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12 Month High Low Stock	DN	Yld	PE	52 Wk High	Low	Latest Clsng
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## Japanese Survey Finds a Surge in Business Sentiment

Compiled by Our Staff From Dispatches

TOKYO — Japanese corporate sentiment improved sharply in May, the Bank of Japan said Friday, in another sign that the economy is emerging from its three-year recession.

The central bank said in its quarterly *tanken* report that a key gauge of business expectations had risen to a reading of minus 50 in May from the gloomy minus 56 posted in February when the previous survey was conducted.

The improvement was the first in five years, and the reading was better than most private economists had predicted.

An official said the report supported the central bank's view that the chances of a long-awaited economic recovery were growing. He added, however, that the pace of recovery would be moderate and the path bumpy.

The optimism reflected in the survey was due to higher exports, strong housing investment and a rebound in consumer spending, central bank officials said.

In the three months ended in May, all of the 22 sectors covered by the survey except utilities said that their business environment had either improved or stopped worsening.

The report said capital spending by big Japanese companies was likely to decline by only 3.7 percent in the year that began April 1. It had fallen 11.3 percent in the previous year.

Economists said the easing of the corporate gloom was yet another sign that the economy was finally on track for a recovery.

"The better-than-expected improvement of the diffusion index seems to be the result of a sharp upward revision of corporate earnings and the underlying strength of final demand," said Nobuyuki Saji, a senior economist at Nikko Research Center.

"Reading the May *tanken*, there is nothing that forces a change in our macro view," said Jesper Koll, senior economist at S. G. Warburg. "Japan is starting to pull out of recession."

Although the survey found that companies planned to cut capital spending for the third consecutive year, Mr. Saji said the fall might be offset by growth in consumer spending.

Such spending normally accounts for more than 60 percent of Japan's real gross domestic product, while capital spending accounts for about 18 percent.

"We can now say that the economy has bottomed out and that it will enter a gradual growth phase," Mr. Saji said.

Some economists were more hesitant about the significance of the survey.

Hiroaki Hiraoka, an economist at NRI Research Institute, said he was "not confident in declaring the bottoming out of the economy, as there are doubts over the sustainability of consumer spending and industrial production."

"Economic conditions have improved recently thanks to narrower yen gains against the dollar, slight falls in inventory levels and higher corporate earnings forecasts," said Mr. Hiraoka.

(Reuters, AFP, Knight-Ridder)

## Honda's Go-It-Alone Plan U.K. Expansion Targets European Market

By Steven Brill

International Herald Tribune

TOKYO — Nobuhiko Kawamoto, the soft-spoken president of Honda Motor Co., never came out and said it, but the message he delivered Friday to dozens of automotive writers flown from Europe was clear: Honda may have been ditched in January by Rover Group PLC, its partner in Europe for more than 10 years, but it has now figured out a way of aggressively expanding on its own.

By pumping an additional £330 million (\$500 million) into its European operations, based in Swindon, England, Mr. Kawamoto said, Honda will build a new stamping plant, expand production capacity and augment its lineup with a new model tailored to European tastes. Output would rise 50 percent to 150,000 cars by the end of the decade. With another 150,000 coming from plants in Japan and the United States, Honda's European market share would rise from 1.4 percent to 2.0 percent.

"Our major goal is to become self-sufficient by the year 2000, and we don't see any great need for major collaboration until then," he said.

Honda's announcement marked the beginning of a new phase in Europe for the smallest of Japan's three major automakers, which built its first car in Europe in 1992 and had long-term plans to develop its relationship with Rover.

"When they lost Rover, Honda had no contingency plans and lost face," said Peter Board-

man, senior analyst at CDS Securities. "But now they seemed to have regained it with a viable and aggressive plan."

Analysis praised Honda for devising the new European strategy just four months after the German carmaker Bayerische Motoren Werke AG announced it was buying the 50 percent of Rover that was owned by British Aerospace PLC. Honda had owned 20 percent of Rover, and Rover held 20 percent of the Honda U.K. operation.

Under a deal reached last month, Honda and Rover, which had also developed cars together and swapped parts, agreed to unwind the cross-shareholdings, although Honda will continue to produce Rover to produce two models also sold by Honda.

"We feel that everything has returned to its original status," Mr. Kawamoto said. "We don't think these changes have been advantageous or disadvantageous."

It is clear that the partnership worked well for both companies. Rover served as a stepping stone into Europe for Honda in the mid-1980s, when the Japanese company was devoting most of its resources to expanding in the United States, still its biggest market.

The company's identity in Europe also benefited from being seen as the technological mentor of Rover. "If we hadn't had Rover, we couldn't have established the foundation we did," one executive said.

Rover also might not have made it without having learned some of Honda's production techniques. But ironically, Rover, the last British-owned car

maker, became attractive enough to be taken over by BMW.

Honda's fresh investment will include £30 million to establish its own stamping plant that will replace supplies of hoods, fenders and other parts from Rover. A further £50 million will be used to enlarge capacity at the existing assembly plant.

The biggest chunk, £240 million, will be spent to develop a model to be produced locally for the European market — a mini-van or recreational vehicle, according to some reports.

The work force in Swindon will rise from 1,600 to 2,000 this year and eventually is expected to reach 2,500. The British operations will become the base for eventual exports to the Middle East and Africa, regions now supplied by plants in Japan and the United States.

The additional investment will bring Honda a step closer to Nissan Motor Co. and Toyota Motor Corp., which pioneered Japan's advance into Europe. But it is not clear that the new strategy will help Honda to compete in the European market or improve its bottom line.

Honda, for example, is likely to earn more in licensing fees from Rover under the new arrangement, but it will also spend millions on its new stamping plant to make parts that might have been cheaper to obtain externally. This will work against achieving economies of scale, an essential ingredient in a car market growing crowded with European rivals that are increasingly competitive.

## Hanoi Acts On Markets For Capital

Bloomberg Business News

HANOI — Vietnam will move swiftly to create capital markets to attract desperately needed domestic and foreign investment (for economic development), a senior government official said Friday.

"Vietnam cannot wait for direct foreign investment funds alone," Vietnam's state monetary and financial council minister, Phan Van Tien, told delegates at a financial conference in Hanoi.

In a related development, the government said it wanted the national currency, the dong, to be the sole means of payment in the country.

The dong currently is not convertible on international exchanges, and the U.S. dollar is rapidly becoming an accepted means of payment for goods and services in Vietnam, as well as the only way foreign investors can take profits out.

At the conference, Mr. Tien said, "There is a need for the development of capital markets, shares and bonds to mobilize untapped domestic savings."

Much of Vietnam's domestic industry is controlled by the state, but the government is considering plans to sell off state industries to private investors. Mr. Tien said 10 state enterprises had applied to privatize.

Vietnam Airlines, for example, wants to sell a 30 percent equity stake to a foreign partner to raise funds for expansion and is awaiting government approval.

Other enterprises such as Hanoi Tourism and Saigon Tourism, which own most of the hotels in Vietnam, and a state-owned oil company PetroVietnam are considered by analysts as prime candidates for listing on a stock exchange.

### Investor's Asia

Exchange	Index	Friday Close	Prev. Close	% Change
Hong Kong Hang Seng	1994	9,111.16	9,190.64	-0.86
Singapore Straits Times	1994	2,284.13	2,282.34	+0.08
Tokyo Nikkei 225	1994	2,069.40	2,076.70	-0.35
Kuala Lumpur Composite	1994	21,395.20	21,402.80	-0.04
Bangkok SET	1994	1,016.98	981.72	+3.59
Seoul Composite Stock	1994	1,363.41	1,367.40	-0.29
Taipei Weighted Price	1994	5,994.66	5,942.38	+0.88
Manila PSE	1994	2,986.18	2,980.85	+0.05
Jakarta Stock Index	1994	4,833.04	484.90	-0.36
New Zealand NZSE-40	1994	2,124.00	2,125.67	-0.08
Bombay National Index	1994	1,986.32	1,963.06	+1.18

Sources: Reuters, AFP

International Herald Tribune

### Very briefly:

- Toyota Motor Corp. said it expected production in June to rise 3 percent from a year earlier, after 12 consecutive months of declines, largely due to strong sales of a new recreational vehicle in Japan.
- Nippon Steel Corp. said it lost 36.7 billion yen (\$352 million) in the year ended March 31, after profit of 29.0 billion yen in the previous year, and attributed the loss to the worsening economy and the high yen.
- Broken Hill Proprietary Co., the Australian industrial conglomerate, has a stable outlook for its credit rating, Moody's Investor Services said in announcing that the company's debt financing arm, BHP Finance (USA) Ltd., would keep its A-3 rating.
- Mitsubishi Heavy Industries Ltd. will join with the Sikorsky Aircraft division of United Technologies Corp. in a project to develop and produce helicopters for civilian use, with production to begin in two or three years, Jiji Press reported.
- China Steel Corp., Taiwan's state-run steelmaker, will issue as much as 5 billion Taiwan dollars (US\$185 million) of five-year domestic corporate bonds to finance a project to increase production capacity.

Reuters, Bloomberg, Knight-Ridder, AFP

## Surge in Exports Erodes China's Deficit

Bloomberg Business News

BEIJING — A surge in exports reduced China's trade deficit in the first five months of the year to \$1.79 billion from \$3.07 billion a year earlier, major newspapers reported Friday.

Exports soared 24 percent, to \$37.49 billion, while imports climbed 18.1 percent, to \$39.28 billion, the official China Daily said, citing a report issued by the Customs Administration.

The Chinese government wants to bring inflation down to single digits, from around 20 percent at present, and achieve a rough balance between imports and exports this year.

Last year, China had a \$12.18 billion trade deficit, its first in four years, as the booming economy

swallowed up imports and provided an attractive domestic market for companies that formerly would have exported their goods. Imports shot up 29 percent, while exports rose 8 percent.

Beijing decries that major changes in its trade practices made this year had blocked imports. Liu Xiangdong, vice minister of foreign trade, told a symposium Thursday that exports and imports would both grow rapidly under the new system, the China Daily reported.

"China is keen to increase its export earnings in order to import more advanced technology," the paper quoted Mr. Liu as saying.

He said the de facto devaluation of the yuan on Jan. 1 had not hurt imports, because the government had subsidized the minority of

companies that had used the yuan's artificially strong official rate, the paper said.

Despite this, China imported only 8.2 million tons of steel in the year to May, with a total value of 2.9 percent less than in the comparable period a year earlier. The country also imported 76,000 automobiles, down 19 percent, and 34 aircraft, down 29 percent, the official newspaper International Business reported.

Meanwhile, foreign-invested enterprises, many of them start-ups, imported \$17.7 billion of machinery and materials, a 44 percent increase, the report said. Exports by those companies climbed 42 percent to \$10.5 billion, it said.

Manufactured goods led the export recovery, accounting for 83 percent of exports in the year to May. Garment exports rose 32 percent, to \$7.76 billion, and machinery and electronics exports rose 30 percent to \$9.27 billion, the newspaper said.

Traditional resource exports such as crude oil and oil products continued to slump, according to the newspaper.

China's leading trading partners were Japan, with two-way trade up 30 percent, to \$15.4 billion; Hong Kong, up 8 percent, to \$13.1 billion; the United States, up 27 percent, to \$11.3 billion; the European Union, up 34 percent, to \$11 billion; and Taiwan, up 20 percent, to \$5.4 billion, the paper said.

## MIM to Use Sale Proceeds In Expansion

Compiled by Our Staff From Dispatches

BRISBANE, Australia — MIM Holdings Ltd. said Friday that it raised about \$17 million Australian dollars (\$306 million) from a stock sale and would use the funds to expand its copper business.

The base-metal mining company sold 142.5 million new shares Friday, representing 9.99 percent of its issued capital, to institutions at 2.225 dollars a share.

Norm Fussell, MIM's managing director and chief executive officer, said the funds would be used to expand MIM's copper business and for general corporate purposes.

Phil Hutchings, a mining analyst for the brokerage concern Wilsons HTM in Brisbane, called the share placement "a great move," saying the company "had a window of opportunity and used it well."

After the sale, Standard & Poor's Corp. said it had placed the BBB rating of MIM's senior domestic debt and the A-3 rating on its commercial paper rating on its CreditWatch with positive implications.

The improving world economy has focused investors' interest on base metals such as copper, lead and zinc — the raw materials of many industries — and on the companies that produce them.

MIM produces about 195,000 metric tons of copper a year from its mine at Mount Isa in the Australian state of Queensland. Mr. Hutchings estimates that its copper output will rise about 70 percent, to 325,000 metric tons, by 1997.

MIM paid about 100 million dollars last year to buy a 51 percent stake in the Ernest Henry copper and gold deposit and surrounding leases near Mount Isa. The new mine is expected to produce about 80,000 metric tons of copper and 120,000 ounces of gold a year when it comes into production in 1997.

In addition, the company this year bought a 50 percent interest in the Alumbra copper and gold deposit in Argentina for 130 million dollars.

(Bloomberg, Reuters)

## TRADE: Rush to Asia Challenged LATIN: Rate Rises Shrugged Off

Continued from Page 13

Two, in order to best take advantage of the opportunities in Asia we should be cooperating with the Europeans instead of fighting with them.

Numbers cited by the study seem to justify that conclusion:

- Although the United States exports more to Asia than to Europe, it imports more from Asia, even though the dollar since 1985 has steadily fallen in value against the major Asian currencies. As a result, Asia accounts for nearly 75 percent of America's \$1.25 trillion in cumulative trade deficits since 1980. Over this period, U.S.-European trade has been roughly in balance and highly sensitive to exchange-rate fluctuations. In many of these years the United States has run a surplus with Europe.

- In terms of quality of trade, since the mid-1980s the United States has maintained a modest trade surplus with the European Union in the area of manufactured goods but has consistently run a large deficit in the trade of manufactured goods with Asia. There is a pronounced tendency for America to export raw materials to Asia and import manufactured products from it.

- In 1990, the latest year for which comparative statistics are available, European-owned companies employed 2.9 million workers in the United States — 62 per-

cent of the total for all foreign-owned companies in America, while U.S. employees of Asian-owned companies represented only about 20 percent of this total. The report said monthly wages for American workers at European-owned companies were 18.8 percent above the national average, largely because 70 percent of European direct investment in the United States is in manufacturing.

- In 1991, European-owned companies spent \$7.7 billion on research and development in their U.S. operations — 65 percent of all research and development spending by foreign-owned companies in the United States. Asian-owned companies spent \$1.5 billion.

- In 1990, European companies accounted for \$7 billion in U.S. corporate income taxes, compared with \$100 million from Asian companies. U.S. corporate affiliates in Europe also generated more than \$32 billion in U.S. exports, while U.S. companies operating in Asia generated trade deficits of \$7.5 billion by producing goods in Asia and exporting them to the United States.

Mr. Prestowitz said the conclusion he hoped would be drawn from these data was not that the United States should forget about Asia, but that it should cooperate more with Europe, its natural partner, to help break down barriers to trade in Asia.

Continued from Page 13

foreign capital, have threatened to price some exports out of overseas markets.

But, although Latin America needs all the export earnings it can get, in the longer term it also needs big inflows of foreign capital. Thus, while a brief slowdown in that flow might be welcome, a longer one could prove painful.

Tamzin Hobday, a strategist for Latin America at Baring Securities in New York, predicts that Mexico's current-account deficit will reach \$22 billion this year, or 5.9 percent of its GDP. Argentina, she predicts, will have a deficit of \$11 billion, or 3.9 percent of GDP.

Throughout Latin America, such deficits loom as the legacy of the need to service the immense debts that were run up more than a decade ago, as well as of exports depressed by weak commodity prices.

Although the region's recent return to economic health has given many countries enough foreign-currency reserves to see them through a year or so of slow capital inflows, none of them would be eager to see the present downturn in those flows continue.

"Those deficits have to be financed somehow," a New York-based economist said.

With signs that interest rates in the United States may have stopped rising for now, some strategists detect signs that money may be flowing back into Latin America.

Meanwhile, with its debt crisis behind it, market-based economic priorities firmly entrenched and \$52 billion of foreign capital having flowed in from 1990 to 1993, Latin America is at last growing again.

Speaking at a conference in London co-sponsored by the International Herald Tribune and the Inter-American Development Bank on Thursday, the bank's president, Enrique Iglesias, said Latin America now was "almost unrecognizable" as the same region it was at the start of the 1980s.

Among those agreeing with Mr. Iglesias was Mr. Anibal of Chile. He spoke of a broad consensus that now backed his country's decade-long affair with free markets and free trade. He said that in spite of the recession gripping much of the world, Chile's economy had grown an average of 6.3 percent a year in 1990-93 and in the process had seen unemployment decline to 4.6 percent.

Meanwhile, after more than a decade of being told that their governments could not afford to spend more on social programs, Latin Americans see their economies growing again and want their share of the benefits.

Mr. Anibal conceded that a decade of dealing with the debt crisis and structural economic reforms had led to the neglect of many social problems in the region. "We were engaged simply in a survival game," he said.

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(Continued From Page 6)

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# THE MONEY REPORT

## FIRST COLUMN

### So Many Scandals, So Little Time

**W**ERE ALL used to financial scandal. There's usually a seamy case of it somewhere in the world at any given time. This year, however, has witnessed a parade of pecuniary follies, notable for their large numbers and international scope.

In Germany, the arrest this week of four top executives of flooring manufacturer Balsam AG on charges of fraud, tax evasion and forgery — expected to cost creditor banks and insurance companies about \$2 billion — was a grim follow-up to property tycoon Jürgen Schneider's flight to fugitiveness in April, leaving \$3 billion in bank debt behind.

In France, Didier Pinaud-Valencienne, chairman of the unrelated industrial machines giant Schneider SA, has been jailed, accused of fraud and embezzling, while Pierre Berge, president of couture Yves Saint Laurent, has been charged with insider trading.

One of Wall Street's most prestigious firms, Kidder Peabody & Co., recently recognized losses of \$350 million which it alleges were due to the fraudulent trading practices of Joseph Jett, former chief of its government bond desk. Kidder vehemently denies allegations that it tacitly condoned Mr. Jett's strategies.

Meanwhile, Morihiro Hosokawa resigned as Japan's prime minister in April surrounded by allegations that he had not paid back a \$970,000 loan from a trucking company and had also about a sweet stock deal involving his father-in-law.

In Spain, the former governor of the country's central bank, Mariano Rubio, and the former chairman of the Madrid bourse, Manuel de la Concha, have both been arrested amid charges of tax fraud, running secret trading accounts and falsification of public documents.

And let's not forget Italy, where scandal and corruption in political and financial circles has seemed more the norm than the exception in recent years. In late April, Sergio Cusani, a key figure in the collapse of Italy's Ferruzzi industrial group, was sentenced to 8 years in prison after a capricious 6-month trial that seemed to symbolize Italy's travails.

In many of these cases, of course, the key word is "accused," not "convicted." But such charges are not brought without evidence. Thus, a question looms: Is there suddenly more corruption, or better policing? It's worth contemplating.

## Newsletter Performance Ratings

Newsletters ranked on both a total-return and risk-adjusted basis\* through Dec. 31, 1993. A newsletter's ranking is based on an average of its several portfolios in the event it recommends more than one. The risk-adjusted numbers reflect average monthly performance per unit of risk. Numbers in parentheses show performance on a compound-annual basis.

Over Ten Years (47 Newsletters Sampled)			
Total return		Risk-adjusted	
1. BI Research	+585.1% (21.2%)	1. Systems & Forecasts	+0.25%
2. The Chartist	+387.4% (17.2%)	2. Zweig Forecast	+0.22%
3. Zweig Forecast	+341.7% (16.0%)	3. Zweig Performance Ratings Report	+0.21%
4. Zweig Performance Ratings Report	+310.0% (15.2%)	4. The Chartist	+0.17%
5. Systems & Forecasts	+283.9% (14.4%)	5. Peter Dag Investment Letter	+0.16%
6. Wilshire 5000 Total Return	+277.3% (14.2%)	6. BI Research	+0.15%
7. T-Bill Portfolio	+85.8% ( 6.4%)	7. Wilshire 5000 Total Return	+0.13%

Between 5 and 10 Years (39 Newsletters Sampled)			
Total return		Risk-adjusted	
1. MPT Review	+617.3% (27.9%)	1. Invest Mutual Fund Advisor	+0.31%
2. California Technology Stock Letter	+281.1% (18.2%)	2. MPT Review	+0.23%
3. Value Line Convertibles	+265.8% (17.6%)	3. Zweig Performance Ratings Report	+0.23%
4. BI Research	+261.4% (17.4%)	4. Value Line Convertibles	+0.22%
5. The Chartist	+234.1% (16.3%)	5. Zweig Forecast	+0.21%
6. Wilshire 5000 Total Return	+176.2% (13.5%)	6. Systems & Forecasts	+0.21%
7. T-Bill Portfolio	+57.3% ( 5.8%)	7. Wilshire 5000 Total Return	+0.15%

Between 1 and 5 Years (39 Newsletters Sampled)			
Total return		Risk-adjusted	
1. OTC Insight	+432.1% (38.7%)	1. Fidelity Insight	+0.57%
2. The Oberweis Report	+326.1% (32.1%)	2. Fidelity Monitor	+0.36%
3. Medical Technology Stock Letter	+316.8% (33.0%)	3. Invest Mutual Fund Advisor	+0.31%
4. MPT Review	+223.3% (26.5%)	4. No-Load Fund Investor	+0.30%
5. BI Research	+206.5% (25.1%)	5. OTC Insight	+0.30%
6. Wilshire 5000 Total Return	+87.2% (14.6%)	6. The Oberweis Report	+0.30%
7. T-Bill Portfolio	+31.1% ( 5.6%)	7. Wilshire 5000 Total Return	+0.20%

Between 1 and 5 Years (39 Newsletters Sampled)			
Total return		Risk-adjusted	
1. The Turnaround Letter	+290.8% (57.5%)	1. Fidelity Insight	+0.70%
2. OTC Insight	+223.0% (47.6%)	2. Value Line Convertibles	+0.67%
3. Individual Investor Spec's	+220.7% (47.5%)	3. No-Load Fund Investor	+0.58%
4. Prudent Speculator	+217.1% (46.3%)	4. Pichera Band's Profitable Investing	+0.53%
5. The Oberweis Report	+172.6% (39.7%)	5. No-Load Fund Analyst	+0.52%
6. Wilshire 5000 Total Return	+62.7% (17.6%)	6. Fidelity Monitor	+0.50%
7. T-Bill Portfolio	+12.6% ( 4.0%)	7. Wilshire 5000 Total Return	+0.35%

\*Contact the Hulbert Financial Digest for risk calculation method.

Source: The Hulbert Financial Digest

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## Newsletters: Choose With Care

By Judith Rehak

**S**UPPOSE the investment advice dispensed by your broker hasn't yielded the promised profits, and the hot tips you overheard at the office have turned out to be duds as well. You might be thinking you could do better on your own, but you don't have the time to follow the markets conscientiously or do much research.

Enter the investment newsletter. In the United States, these publications have been steadily gaining in popularity and have tripled in number to some 550 over the past 15 years.

What they offer is advice for everyone from conservative income-oriented investors to growth-stock fans. There is also an array of niche publications specializing in sectors like gold equities, biotechnology stocks, and even companies emerging from bankruptcy.

But to make the right choice in a newsletter, a bit of homework is still required.

The first question to ask oneself, say professional market observers, is what one really wants out of an investment newsletter. To a large extent, that is usually dictated by one's degree of risk tolerance.

"It's all the usual things a financial adviser would ask, like your age, how much money you have to invest, the time frame of your investment horizon, whether it's savings for the kid's education or a down payment on a house," said Mark Hulbert, editor of the Hulbert Financial Digest, which tracks the performance of 160 newsletters, monitoring how investors who followed their advice would have fared in the market.

For example, an individual who is nearing retirement is likely to have a low tolerance for risk, while a younger person may have no problem with taking a flier on a more profitable, but volatile investment, like options or equities in emerging markets.

There's also the question of the vehicle: Do you prefer individual equities or bonds, or do you feel more comfortable with mutual funds — or a little of everything?

Once you've picked your spot on the risk curve and identified the vehicles, there are several ways of checking out which newsletters would be the best fit.

U.S. personal finance magazines and daily newspapers frequently write about, and interview, newsletter editors on their investing styles and recommendations. Investors often find someone with an approach they like through these channels. Mr. Hulbert's publication, which is based in Arlington, Virginia, is also looked to frequently for guidance on performance.

### Investment Newsletters

Page 19  
Market gurus  
The question of regulation

Page 21  
Growth and new trends  
High-priced advice

While the editors of some financial newsletters have decried Mr. Hulbert's findings, saying his complex formula for evaluating performance does not yield true results, others find his methods good and accurate.

As with a mutual fund, the most reliable picture of a newsletter's performance will come from looking back three to five years. A one-year performer, analysts warn, is not adequate to make a judgment.

Any track record should also be compared with a stock market index like the Wilshire 5000, which combines big and small stocks, or the Standard & Poor's 500. If a newsletter's advice is producing a 7 percent return when the overall market is up 11 percent, perhaps it's time to find another newsletter.

Most financial newsletters are willing to send a potential subscriber a copy or two at no charge. Some even include a sample in their direct-mail solicitations, which is how most new subscriptions are sold.

As for subscription rates, most range from as little as \$19 a year to as much as \$995, with most hovering around the \$250 mark. Subscribers should not assume that if they pay more, they'll do better.

"There's no relationship between price and value," said Mr. Hulbert.

Another advantage of a sample copy, or a brief trial subscription, is that it offers an opportunity to see if one truly feels comfortable with the strategy. Many letters set up model portfolios with varying degrees of risk, going from a conservative, income and preservation-type of portfolio to an aggressive/speculative portfolio. The adviser selects the appropriate investments for each approach.

A second type of newsletter, generally speaking, makes recommendations on buying and selling shares and asset allocation, but does not set up a model portfolio. A third type of publication simply lists the names of recommended securities.

Eric Kohren, editor of Fidelity Insight, a newsletter which follows only Fidelity funds, thinks that subscribers deserve explanations. "Watch out for the ones that show lots of charts and graphs but don't explain the rea-

son for choosing stocks, bonds or a fund," he said.

A psychological factor is the investment "hot line," a telephone number which some newsletters offer to subscribers who want instant information. This service became popular after the market crash of 1987 and, for the most part, is now viewed as a security blanket for nervous investors.

"It's for when the markets are in trouble," said Mr. Kohren, who estimates that about 10 percent of his subscribers call from time to time.

Sometimes, however, hot lines are part of an investment strategy. "There are newsletters which require you to call the hot line every day," observed Mr. Hulbert. "You don't want that unless you're willing to work on your investing constantly."

Mr. Hulbert also questioned the real value of the hot-line approach. "We don't find any correlation between hot lines and performance," he said.

Lastly, say analysts, investors should remember that the investment newsletter industry in the United States is unregulated. While the majority of advisers want to do well for their readers, there are also a number of things to watch out for.

"Beware of outrageous claims," warned Donna Westmeyer of the Hulbert publication. Miss Westmeyer recalled a direct-mail flyer that advertised a \$390,000, 900 percent profit in 12 years, and another which claimed: "Of all the investment advisers in America, I have the best reputation for consistently outperforming the market."

Miss Westmeyer said the performance of the adviser who put out that letter was, on an annualized basis over a seven-year period, minus 0.3 percent.

The Hulbert publication says it has also tangled with at least two newsletters that misused its performance ratings in advertising. Even so, said Mr. Hulbert, there is generally not a greater degree of false advertising in the investment letter industry than in any other.

"What I find interesting is that people's instincts serve them well if they're buying a used car, and someone says, 'My grandmother or my father drove it to church on Sunday,'" said Mr. Hulbert.

"But if someone says, 'Here's a strategy which has made me a million,' the reaction is, 'Where do I sign up?' That's why we say don't trust anyone who says you'll make huge profits."

The Money Report is edited by  
Martin Baker

## In Britain, the Focus Is on Smaller Firms

By Rupert Bruce

**T**HE market for financial tip sheets in Britain, analysts say, is firmly tied to the investing public's appetite for small-company stocks. In the run-up to the stock market crash in 1987, when small companies enjoyed a wild upward ride, financial newsletters were selling well and were influential. In the dull years that followed, however, their marketing effort dwindled and they had a hard time surviving.

More recently, as interest rates have fallen and small stock prices risen, so newsletters have become more popular.

"The demand for newsletters ebbs and flows with bull and bear markets," said Dave Gibson, marketing manager of Fleet Street Publications Ltd., one of Britain's largest newsletter publishers.

"But I would also say that people's need and desire for the information is becoming a lot greater because more and more people are learning that the bank and building society are not the best place for your money. Through privatizations they have had a bite of the cherry, and also our aging population is getting wealthier as it gets older."

Whether this means that the British public's attitude towards saving and the stock market is becoming more sophisticated, as seems to be the case in the United States, is questionable. If it were, the market for newsletters should grow from today's level, in which only 12 companies are authorized to publish tip sheets that give advice on specific investments.

There are no reliable figures, but anecdotal evidence suggests that the number of financial newsletters has dwindled since its peak of about 15 in 1987. Jeremy Utton, managing director of Analyst, a newsletter publisher, said that many tip sheets found it tough during the recession and the Gulf War, and that his company was the only one promoting its titles.

According to Stuart Valentine, director of research at ProShare, an organization formed to promote wider share ownership, private investors were at their most active prior to the 1987 stock market crash.

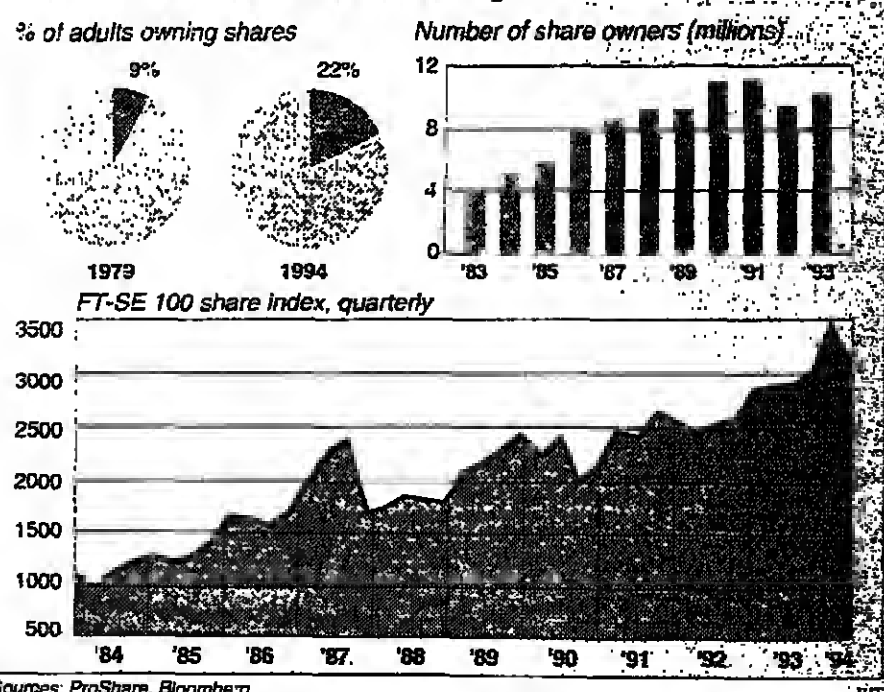
"Thereafter, if people were asked, 'Would you get involved in the stock market?'" Mr. Valentine said, "1987 still came trotting out as the answer for not getting involved. I do not think investors began to come back until the middle of last year when interest rates on savings accounts became so low that they were tempted back."

ProShare's research shows that about 20 percent of both Britons and Americans own shares. But many of the British shareholders have just bought an odd handful in a government privatization share issue. When these people are excluded, Mr. Valentine estimates, only about 10 percent of the population owns stocks. He calculates that about 31 million Americans own shares, while only 10 million Britons do, with some 6.5 million of those only owning privatization stocks.

While the popularity of newsletters naturally ebbs and flows with the market, the fortunes of small- and medium-sized companies in particular appear to affect the letters, which concentrate their coverage on this area of the market.

Mr. Utton said that newsletters tended to concentrate on small and medium companies partly because they are not covered that well by stockbrokers, but also because there is a greater chance of making substantial

### British Share Ownership



returns in small, nimble companies than in the larger, lumbering ones.

Pretty much all of the British newsletters cover this part of the market. Most well-known, perhaps, is The Penny Share Guide, published by Fleet Street Publications. In its heyday in the 1980s its recommendations on shares that were, as its title suggests, priced in pennies, would regularly move prices.

Perhaps the most high-end of the newsletters for private investors, Analyst, published by Analyst PLC, hardly ventures outside the smaller to medium company range. Its latest issue covers three companies: Filofax

**As interest rates have fallen and small stock prices risen, so newsletters have become more popular.**

Group, a brand retailer of personal organizers; Devro International, a maker of specialist food products; and Dorling Kindersley, a publisher.

Generally speaking, British newsletters are typically written by former financial journalists and stock analysts. It is difficult to judge the quality of the publications, however, because unlike the United States, no organization keeps track of the performance of stocks they recommend.

But financial regulators do keep an eye on them. If a newsletter gives specific financial advice, rather than generic financial advice, it must be a member of one of Britain's so-called self-regulatory organizations, or SROs. This means that if newsletters recommend a particular stock, mutual fund, or other financial product they must belong, but if they just advise, say, investments in the Japanese stock market, they need not.

In practice, this means that newsletters are regulated by the Financial Intermediaries,

Managers, and Brokers Regulatory Association, known as FIMBRA, the SRO which normally looks after small independent financial advisers.

Mr. Gibson of Fleet Street Publications said that FIMBRA kept a very close eye on his firm's activities, particularly because Fleet Street has recently formed a joint marketing arrangement with Agora Inc., an American newsletter publisher based in Baltimore, that was in talks to buy Fleet Street from International Business Communications Holdings PLC.

FIMBRA was particularly concerned, he said, to make sure that Fleet Street did not just highlight its stock tips that have gone well, but also mentioned those that have been disappointing.

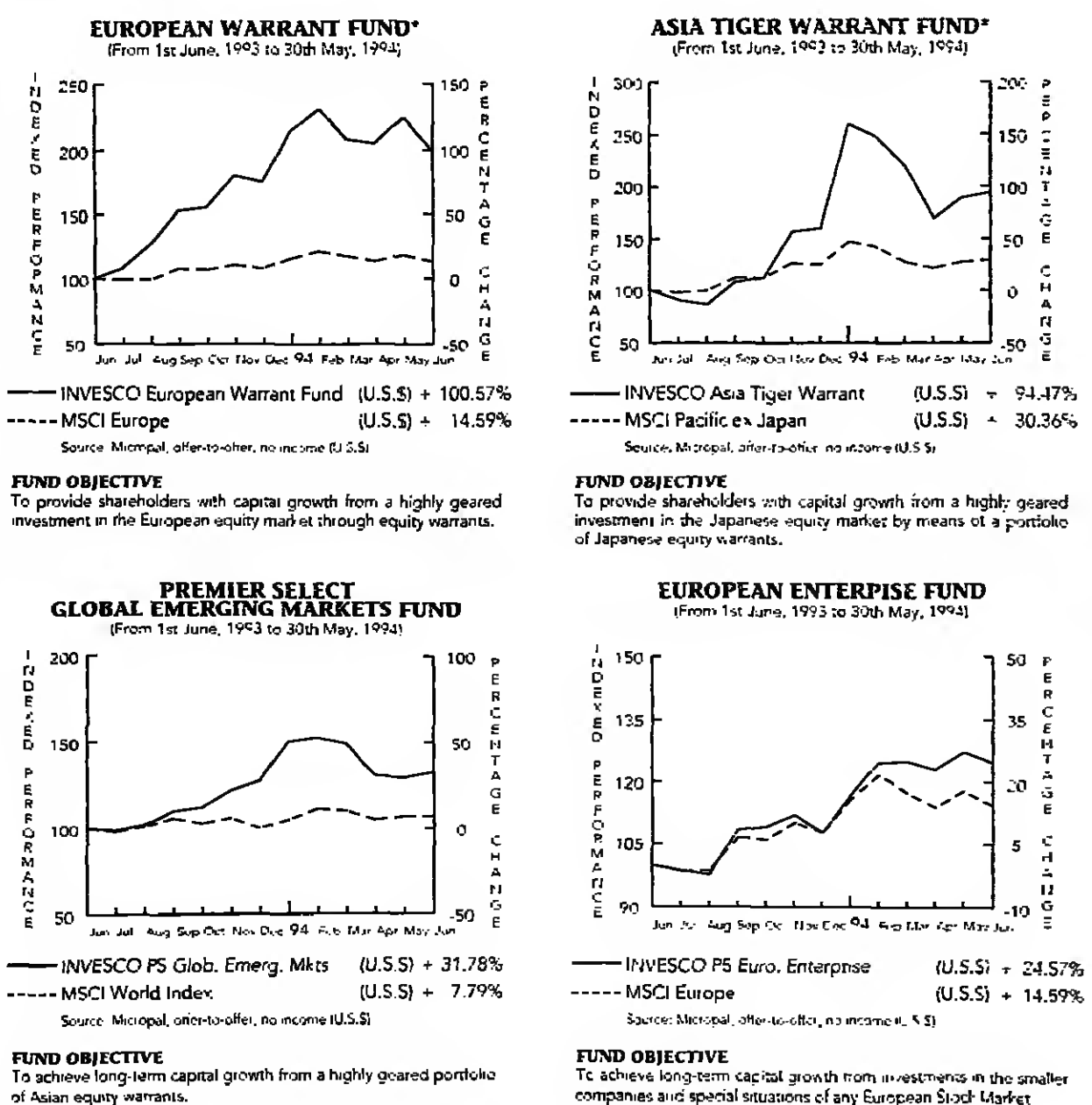
One institutional investment manager, who insisted on anonymity, said his complaint about newsletters was that often they tipped such small companies that it was difficult to buy or sell even relatively small quantities of the shares. He also grumbled that one newsletter publisher tipped warrants and moved the price of them, but also traded in warrants for his own account.

Peter Rigby, chief executive of International Business Communications, said he did not think the British newsletter market would come to resemble the more-developed market in the United States. But he did think there was a market for financial newsletters that gave advice ranging beyond the traditional area of suggesting which stocks to buy.

Mr. Utton is skeptical about future prospects. "Stock market newsletters are related to interest rates and money supply," he said. "When interest rates are falling, you have much more incentive for people to look at starting newsletters," he said. "During the recession and the Gulf War, we were about the only people marketing."

"Once sterling came out of the European exchange-rate mechanism, however, people started marketing again," Mr. Utton continued. "But if interest rates are now going to rise, if we take America's lead, that puts a ceiling on the number of people in the market."

## INVESTCO Fund Performance Comparisons



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THE MONEY REPORT

After Initial Splash, Newsletter Gurus Don't Seem to Last Long

By Iain Jenkins

**A** LITTLE more than a decade ago, newsletter publishers were on the front page of newspapers. They held Wall Street in the palm of their hands. All it took was a negative forecast and the market would move.

One such pundit, Joseph Granville, editor of the Granville Market Letter, once momentarily astonished an investment conference audience at a Phoenix, Arizona, hotel by walking across the surface of the hotel's swimming pool. Despite the fact that Mr. Granville had set up a plank just under the surface, the effect worked for an instant: He was a sage who really could walk on water.

Today, the gurus seem less visible. While investment newsletters, some of which are published by well-known market wizards, are immensely popular, the strong per-

sonas once identified with the publications seem to have disappeared into the obscurity of their computer-driven investing models.

After the heady days of the early and mid-'80s, some observers say, those who rise to the stature of market guru today are just as apt to be ridiculed as worshipped. Some analysts even treat their predictions as counterindicators.

Take the case of the Lehman Brothers analyst Elaine Garzarelli, who was exalted after predicting the stock market crash of 1987. In late January of this year, in the midst of bull run on Wall Street, Miss Garzarelli declared that "the stock market party could go on forever." About a week later, the air was let out of the balloons and stocks headed south.

Then in late March, when Miss Garzarelli said the market was in a 10 to 15 percent downward correction phase, stocks suddenly began to move higher.

The problem with listening to gurus, say some observers, is that

while they have achieved their reputation by being right a lot at some point in their careers, they are usually wrong about as much as anyone else in their business.

Some newsletter publishing gurus even take the view that most similar publications are usually wrong. Michael Burke, the editor of New Rochelle, New York-based Investors Intelligence, runs a sentiment index taken from 130 other newsletters which he treats as a counterindicator.

"Newsletters tend to get too excited when a market reaches its high and too negative when it falls," he said.

Mr. Burke added that, today, 52 percent of newsletters are bearish, which he interprets to mean that the market is going to rally.

But this type of jousting is a far cry from the way Mr. Granville once mesmerized newspaper reporters, brokers and investors with his forecasts. His flamboyance added to the mythology. He made his appearances at conferences

from coffins; he recorded a record on investing; he even correctly forecast an earthquake in California.

In January 1981, a "sell" message sent by Mr. Granville to his clients on the evening of the day when the Dow Jones industrial average had hit its highest level in four years sent the market tumbling and set a new record for trading volume on the New York Stock Exchange. The day after the spill, Mr. Granville's photo made the front page of The New York Times.

But he had a bad year in 1982, however, and fell from grace.

Mr. Granville's mantle was taken on by Robert Prechter. The new guru was less of a showman and more of a technician who believed in a wave pattern of market movements. He caught the media eye when he, too, foresaw the 1987 crash. It was soon his turn to tumble when he missed the subsequent rally.

"I wouldn't wish being a guru on anyone," said Mr. Prechter, who runs the Elliott Wave Theorist newsletter and who, today, is bearish on U.S. stocks. "Then when you get it wrong, you're a fool."

Mr. Prechter doesn't see another newsletter guru bursting onto the scene again: "The investment universe is much larger and less sophisticated than it was 10 years ago. In this huge universe, the opinions of newsletters often look irrelevant."

Since Mr. Prechter's downfall as a guru, a new breed of media-friendly experts has stepped into the vacuum. They are often TV commentators like Dan Dorfman, who appears on a financial news cable channel, Mr. Dorfman's stock "pick of the day" broadcast at 12:35 P.M. often has dealers in a frenzy minutes after it has been telecast and investors rush to buy it.

Mark Hulbert, editor of the Hulbert Financial Digest, which ranks the performance of newsletters, says that the media will not be able to anoint the next guru until there is a strong consensus on future direction of the markets, which he says does not exist now.

"Periods when there is a strong market consensus tend to produce gurus," he said. "When someone goes against the consensus and gets it right they will become the next guru. Today there are too many diverse opinions for anyone to stand out from the crowd."

Another theory about the disappearance of the guru is that they tend to thrive on bearish forecasts. In the early '80s, Howard Ruff, editor of the Utah-based Ruff Times, gained a huge following by his negative forecasts and suggestions that people should store canned food.

Louis Navellier, who edits the MPT Review newsletter from Nevada, said: "Newsletters feed on greed and fear. But it is better to talk about the end of the world. People like being scared. You get more subscriptions and more of a following that way."

Although the high-profile guru has vanished, the picture for financial newsletters is far from gloomy. Sales are booming, particularly for mutual fund newsletters. Some publications boast a circulation of more than 20,000.

And in a modest way, say analysts, a new breed of newsletter star is being born. Martin Zweig, for example, who edits the well-known Zweig Forecast, has become a low-key media star, often appearing on the panels of television financial talk shows. He is known for having a rather scholarly focus on an array of market indicators.

Mr. Zweig also has an excellent investment record. According to

the Hulbert Financial Digest, anyone who has followed the investment advice of the Zweig Forecast would have earned an annual return of 16 percent over the past 10 years.

Others such as Mr. Navellier, have somewhat of a cult following. Mr. Navellier, however, doesn't believe in timing market moves—he's something of an old-fashioned stock picker. Instead of the models, theories and sweeping predictions that made the names of Mr. Granville and Mr. Prechter, he prefers fundamental analysis.

Some analysts also believe that the quality of newsletter research has improved to the point where such publications offer better advice than large brokerage houses. "Brokers have got something to sell," said Mr. Prechter. "They have to be bullish. Newsletters are just giving an opinion."

Meanwhile, the silent boom in newsletter publishing has attracted the attention of Mr. Granville. In his doomsday style, he is forecasting a market "meltdown." He even cites the growth of the newsletter industry as one of his indicators of doom.

"We have seen a proliferation in the number of newsletters, which coincides with the rise in stock prices," said Mr. Granville. "This proliferation means that the market has reached its peak and that it is the start of a bear market."

"Over half of the newsletters will be out of business within five years," he added. "And the market—well, it's a parabolic curve. When it goes up vertically, the terminal decline is not far away. We are close to another bonfire."

Said Mr. Burke: "Granville either hits a home run or strikes out. By following him, investors will either make a fortune or lose everything."



Illustration by TIT

Best Performing Mutual Funds			
Leading mutual funds from Belgium, Britain, France, Germany, Ireland, Italy, Luxembourg, Offshore Territories, Switzerland and the United States. Total return in U.S. dollar terms.			
Over one month to June 1, 1994			
Fund	Performance	Management Group	
Jupiter Tyndall Off Korea Vis	13.19	Jupiter Tyndall	
Providence Capital	12.12	Providence Capital	
Windsor F&I Murr Govt Bd	12.07	Olympia Capital	
Baring Funds	11.17	Baring	
Capital Development	10.54	Centrade	
Investment Co	10.35	Foreign & Colonial	
Thornhill New Tiger Crd	10.05	Thornhill	
Edinburgh Fund Man	10.02	Edinburgh Fund Man	
Thornhill New Tiger Crd	9.98	Thornhill	
Investment Co	9.90	Lippo Global	
Investment Co	9.77	SHK	
Investment Co	9.74	Barque Vornes	
Investment Co	9.60	Morgan Grenfell	
Investment Co	9.55	Royal Skandia	
Investment Co	9.51	Barclays Ash	
Investment Co	9.50	RM	
Investment Co	9.40	Comptel	
Investment Co	9.27	Louis International	
Investment Co	9.23	Cresvale	
Investment Co	9.19	Savoy & Prosper	
Over one year to June 1, 1994			
Investment Co	120.05	Investment Co	
Investment Co	120.05	Investment Co	
Investment Co	120.05	Investment Co	
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Investment Co	120.05	Investment Co	
Investment Co	120.05	Investment Co	
Investment Co	120.05	Investment Co	
Investment Co	120.05	Investment Co	
Over five years to June 1, 1994			
Investment Co	240.05	Investment Co	
Investment Co	240.05	Investment Co	
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Investment Co	240.05	Investment Co	

Source: Micropal

Do Subscribers Need Protection From Themselves?

By Iain Jenkins

**I** F you thought it was impossible to get rich quickly, think again. Newsletters will tell you how. One offers "risk free, big profits fast." Another, says that it turned \$10,000 into \$45.2 million in just over a decade. Not bad! If you believe the advertising, that is.

All of the claims that are pushed under American doors into mail slots use authentic looking statistics. Some run computer models backwards to give returns they "would" have achieved "if" they had been using the model over recent years. Others, say critics, use figures to lie.

Exaggerated claims are not the exclusive preserve of newsletters, warn some analysts. Mutual fund managers have also been accused of massaging statistics to show themselves in the best light.

But funds are prevented from running too far afield by regulatory agencies, which censor misleading advertising. There is no one to warn investors away from the "get-rich-quick" schemes touted by newsletters.

"How many times have you been tempted to go to a movie by the advertising," said Paul Merriman, who runs the Fund Exchange newsletter in Seattle. "When you get there you are disappointed. Well, the same thing is happening with newsletters. Some newsletters have forgotten that they should be helping people manage their money."

Mark Hulbert, editor of the Hulbert Financial Digest, which monitors the performance of financial newsletters, said: "There have always been lots of newsletter claims that have strained credulity. But there should be no regulation. It is a question of freedom of the press."

The Securities and Exchange Commission, the chief U.S. regulatory agency for the securities industry, tried to regulate the newsletter industry in the early 1980s. But subscribers argued that if they were subject to regulation, then the same should go for The Wall Street Journal and Forbes magazine. In 1985, the battle went to the Supreme Court, and the newsletters won.

It was a battle worth fighting, say U.S. newsletter publishers, who have watched their counterparts in Britain labor under the same light regulation facing fund managers and brokers. A number of British newsletters have been fined for their advertising.

In one extraordinary case in Britain, a publication called Penny Share Focus had to pay the equivalent of \$8,000 to compensate the investment losses of a reader. "We made a genuine printing error," said the newsletter's editor, Jon Levinson. "Three words were missed out of a sentence. We found ourselves in arbitration and couldn't believe it when we lost."

In the United States, Mr. Hulbert has become the unofficial regulator of the industry. His performance charts are anxiously awaited by newsletter publishers. He even uses his position as a Forbes magazine columnist to bring to the attention of a wider public the excesses of newsletter advertising.

But although he is respected in the industry, some people criticize the way he calculates performance. Others, like the Options Advisor newsletter, which has been targeted by Mr. Hulbert for exaggerated advertising claims, say that Mr. Hulbert has a conflict of interest in his role as unofficial watchdog.

"We disagree with his figures but it didn't stop him doing us material damage," said Price Headley, director of research at the Options

Advisor. "It is a bit ironic because he is in the business of selling newsletters like us. A regulator should be someone outside the industry."

The question of regulation of the newsletter industry has become all the more pressing with the advent of cheap computers. Anyone with a personal computer and a reasonable model can become a newsletter publisher overnight.

But the industry is adamant that it doesn't need regulation. "We are already highly regulated — by the consumer," said William Donoghue, who runs the Donoghue Moneyletter in Seattle and helped backload the case against the SEC in 1985.

"Newsletters make money on renewals of subscriptions," he said. "If we don't do a good job people cancel the subscription."

But how much money might a subscriber have lost by following the advice of the newsletter before they cancel their subscription? Some newsletter models lose 85 percent of the hypothetical capital invested in a year, say critics. Is the sanction of stopping the \$130-a-year subscription enough?

Patty Wysocki, acting head of the industry trade organization, The Newsletter Association, thinks it is.

"The consumer and the investing public are more sophisticated than people give them credit for," she said. "Do you think they believe every piece of junk mail that they get? Of course they don't. If I say I am selling the Brooklyn Bridge for \$25,000 would you believe it?"

But not all the regulatory authorities are prepared to count on the common sense of the investor. Some analysts say regulators are gathering their forces for another attempt to control the fiercely independent newsletter industry. The Commodity Futures Trading Com-

mission, observers add, is in the front line of the move.

"A year ago they decided that the Supreme Court ruling against the SEC did not apply to them," said Michael Shoeman, an attorney at Shoeman Marsh Updike, a New York law firm that represented the newsletter industry in the 1985 Supreme Court case.

Mr. Shoeman added that the SEC is also having another look at newsletter publishers. "We are exploring whether people are abusing their position by using their publication to promote some regulated activity — such as managing money," he said.

Any attempt by the SEC to gain some regulatory control over newsletters might have something to do with the recent explosion in the number of newsletter editors who also run mutual funds. Critics say that a number of editors have blurred the performance of their newsletter model portfolios with the performance of their own mutual funds.

But Mr. Levinson, at Penny Share Focus in Britain, cautions against regulation: "While you want to keep unscrupulous people out of the industry, it is difficult to get the balance right. We may have gone too far here."

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## هَذَا مِنْ الْأَصْلِ



THE MONEY REPORT

Gold-Plated Letters Claim to Move Markets, but Can They?

By Aline Sullivan

INFORMATION is power. And for investors the value of exclusive information can be high indeed. That explains the astronomical price charged by some investment advisers for information that, discreetly employed, can move markets to the benefit of subscribers. Membership in these exclusive circles can range from several thousands to hundreds of thousands of dollars.

Subscribers can tap into different levels of service. Top dollar buys a phone call before information is released to other subscribers and frequent conversations with the authors. More common is a daily fax which reviews economic and political developments and recommends trading positions. Is the expense worth it? Some professionals think it is.

"Daily newsletters can be very useful, particularly for the private investor," said Andrew Davison, a fund manager at the investment adviser Strategic Asset Management, based in Bermuda. "If you are based at home you need one piece a day to tell you what is going on. Some of the services are excellent."

Others are not so sure. William Arah, a partner with the London fund manager Marathon Asset Management, said many such newsletters are written by peo-

ple who have left big investment houses but tend to think in the same way as they did when they were employed. Investors might be better off reading the research reports they receive at no extra charge from their brokers.

"I don't need to spend money to know what someone who left Warburgs thinks," said Mr. Arah, referring to the well-known British securities house. "The only value these people can provide is through their contacts. But they aren't likely to put their best information in newsletters."

David Roush is trying to buck this perception. He left his job last month as co-head of research at Morgan Stanley in London to set up a company called Independent Strategy. The new concern will produce publications and daily faxes focusing on new political and economic developments, rather than monitoring markets. The five or so clients with the closest relationships will spend upwards of \$1 million a year to discuss their trading positions.

Apart from Independent Strategy and a handful of similar companies, most of these information services are based in the United States. And some investors complain that the information, although global in scope, is limited by an American perspective.

One criticism of financial newsletters — that they exaggerate events and inflate investor expectations —

can add to their value, observers say. Some investors feel that they need to know what the pundits are saying simply because those opinions will in themselves affect the markets.

The dozen of high-price purveyors of market-moving information, according to some analysts, is Johnson Smick International. Based in Washington and written by a former member of the Federal Reserve Board, Johnson Smick does not publish weekly or even monthly. It simply publishes when its authors feel they have something important to communicate to their four dozen or so clients. The company does not disclose information regarding its fees.

Professional investors can cite many occasions when Johnson Smick recommendations have caused shifts in equity indexes or currency-exchange rates. The authors have excellent contacts and are particularly good at predicting changes in U.S. and Japanese economic policy. But some investors caution against relying exclusively on this type of information.

"The Johnson Smick view can be quite arrogant and isn't always that helpful," said one fund manager. "There is a lot more to trading than just selecting an idea."

He added that it is "important" to know what the authors are saying because "they do move the markets."

"We don't find that part useful," said Mr. Davison. "But it is very good for understanding foreign currency movements."

Mr. Davison recommended the Gartman Letter, a Virginia-based daily newsletter that summarizes political and economic developments and is thought to be particularly informed on emerging markets. The Gartman Letter also suggests trading positions.

Other suggestions from fund managers and brokers include the IDEA service in New York whose publications include Financial Markets Today, Emerging Markets Today and Currency Derivatives Today. The daily faxes are published in three editions and go out to subscribers starting at 7 A.M. New York time.

Each of these publications costs about \$10,000 a year and, for several thousand dollars more, clients can receive continuously updated information via their Reuters screens. But such services are primarily aimed at institutional, rather than private, clients.

While many investors have found it worthwhile to spend thousands of dollars for the news and opinions that may be moving markets, others, to the horror of these publishers, rely on a sort of information black market: Their brokers fax them copies of these newsletters in exchange for their business.

BRIEFCASE

Sales of Unit Trusts Surged During April

The growth of the U.S. mutual fund industry may have received a lot of attention lately, but British investors are not ignoring fund investment either, despite a sliding stock market. According to the London-based Association of Unit Trusts and Investment Funds, net sales of unit trusts reached \$376 million (\$1.4 billion) in April, up 1 percent from April 1993 sales, and the highest April figure on record.

The value of funds under management in unit trusts rose to \$37 billion during the month, up from \$35.5 billion in March. About 73 percent of net sales were to private investors.

The association said that the British equity-income sector and international growth sector attracted the most attention from private investors, while the institutional market favored British growth funds.

Capital International's group of emerging-market indexes, as measured in U.S. dollar terms, Thailand's stock market rose 9 percent in May, the Philippines gained 10 percent, and the Indonesian market rose 12.3 percent. In Latin America, Argentina gained 10.3 percent, Chile rose 9.6 percent and Mexico was up 7.4 percent.

By contrast, Morgan Stanley's indexes showed the British market to be down 5.5 percent in May, with Germany falling 5.9 percent and France slipping 4.8 percent. Italy's market slid 7.8 percent in the month, and Denmark's fell 7.7 percent. Europe's biggest loser, according to the Morgan Stanley data, was Greece, whose bourse dropped 11.2 percent.

Netherlands Clears Scudder Funds Sales

Scudder, Stevens & Clark's Global Opportunities fund family, currently sold in a variety of European, Latin American and Asian countries, has been approved by the Dutch central bank for distribution in the Netherlands. Launched by the U.S.-based fund company in April 1993 and with headquarters in Luxembourg, the funds are a group of eight fixed-income and equity vehicles aimed at retail as well as institutional investors.

Scudder, which in the early 1950s launched one of the first U.S. mutual funds with international exposure, has about \$90 billion under management globally. For further information, call London at (44-71) 265-0077.

Emerging Markets Buck May's Trend

While stock markets in many developed countries had a fairly dismal month in May, many emerging-market bourses showed strong growth. Some analysts said the showings of the Third World markets lent credence to the view — aired vocally in recent weeks by believers in emerging markets — that poor performances earlier this year did not spell doom for investors who had a long-term approach.

According to Morgan Stanley

Investment Letters: On a Roll

By Judith Rehak

THE investment newsletter industry in the United States has always been volatile, and for the moment, it's on a roll. Total circulation is around 2 million, with sales of about \$500 million, according to current estimates. Much of the industry's dynamism over the past five years, say analysts, is attributable to the boom in mutual fund investing.

"In 1980, when I started, there were only one or two newsletters devoted to mutual funds," said Mark Hulbert, editor of the Hulbert Financial Digest, which monitors the performance of investment advisory letters. Now, he said, more than half the 160 letters he follows deal with mutual funds.

The majority of these letters offer investing advice on no-load or low-load funds — which means that sales charges are nil or very low — a category ignored by brokers since they pay no commissions. But no-loads account for at least a third of all fund sales in the United States, and newsletter advisers have found an enthusiastic audience of subscribers who want an independent source of information.

There is even a small subset of letters that focus exclusively on a single family of funds. Eric Kohren, who once worked at Fidelity Investments, launched the first such publication, Fidelity Insight, in 1985 when Fidelity only had about 40 funds. It currently has more than 160.

A similar newsletter follows the no-load funds of the Vanguard Group. Mr. Kohren is readying a new newsletter for publication in the fall which will be devoted to discount broker Charles Schwab's One-Source fund group and Fidelity's competing group of its own and other funds, all sold on a no-load basis.

Another trend in newsletters is being fueled by Americans' discovery of international investing. The allure of European securities, and even investments offered in such exotic places as Chile and Thailand, has spawned a host of investment letters covering everything from closed-end single-country funds to American Depositary Receipts, which are dollar-denominated shares of foreign companies that trade in the United States.

"Global investing used to be scary, but now more and more people

launched a letter focusing exclusively on utility company shares. Another, Wall Street Bargains, deals with small companies. "We have brokers who subscribe to get ideas," noted Mr. Conrad.

Another niche is letters which cover biotechnology and high-tech industry stocks — high-risk sectors that are difficult to understand, but where high returns can be reaped. And who are the major subscribers to investment advisory letters? "Our typical reader is male, 50 to 65 years old, and a successful professional," said Miss Ross of Phillips Publishing.

The story is much the same elsewhere. "Our primary market is older people who have money and want advice, but we also think baby boomers are moving into a savings phase," observed Mr. Conrad.

The editors and publishers of these letters attribute their popularity both to a spirit of independence and, just as often, a suspicion of the motives of brokers.

"Americans are independent and self-directed, and they want objective advice," said Miss Ross.

With such a large audience in the United States, there has been little effort on the part of newsletter publishers to promote their wares abroad, where most subscribers are American expatriates.

"Newsletters just aren't as popular in other parts of the world," said Mr. Hulbert. "In England, for example, there's a sense that you just hand your money over to an expert. Here, people want to go to the library and do their own research and manage their own portfolio."

Another trend in newsletters is being fueled by Americans' discovery of international investing. The allure of European securities, and even investments offered in such exotic places as Chile and Thailand, has spawned a host of investment letters covering everything from closed-end single-country funds to American Depositary Receipts, which are dollar-denominated shares of foreign companies that trade in the United States.

ple want to know about it," said Marjorie Ross of Phillips Publishing in Maryland, which publishes five financial newsletters, including Investors' World, which targets Americans interested in investing abroad.

Roger Conrad, an associate editor at KCI Communications Inc., a publisher of nine investment publications, notes that letters covering specific sectors of stocks are gaining in popularity. Recently, KCI

May Market Scoreboard

Best Performers

	Price	% change
New York Stock Exchange		
Garbner Products Co	60.83	65.3
Spiral Corp	23.13	51.8
MTV Corp	7.75	37.8
Computer Assoc Int	41.83	28.8
Western B	28.75	27.8
United Corp America	27.28	27.3
Intec	5.58	27.0
Amgen Corp	82.88	24.6
Amgen Corp	17.50	23.8
Smith International	15.13	21.0

Worst Performers

	Price	% change
New York Stock Exchange		
Wellnet Communications	28.75	-27.6
DEC Communications Corp	22.25	-25.8
Chico's Clothing Emporium	23.13	-24.2
Quadrant	16.25	-22.9
Continental Corp	17.25	-20.8
Theracorp Corp	47.00	-20.1
Chesapeake World	28.13	-19.5
Verity Corp	18.25	-18.4
Chico's Clothing	26.75	-18.4
Shaw Industries	75.83	-17.7

Frankfurt Stock Exchange

	Price	% change
Frankfurt Stock Exchange		
Philips	259.50	15.4
Deutsche Telekom	700.00	11.1
Telekom	1050.00	5.8
Wolfsburg	1027.00	5.3
Wolfsburg	1750.00	5.2
Wolfsburg	288.00	3.7
Wolfsburg	388.50	3.7
Wolfsburg	280.00	3.5
Wolfsburg	388.00	2.6
Wolfsburg	925.00	2.5

London Stock Exchange

	Price	% change
London Stock Exchange		
British Petroleum	305.00	8.2
British Petroleum	410.00	7.2
British Petroleum	315.00	7.1
British Petroleum	780.00	6.4
British Petroleum	150.00	5.8
British Petroleum	230.00	4.8
British Petroleum	710.00	3.8
British Petroleum	340.00	3.0
British Petroleum	340.00	2.9
British Petroleum	340.00	2.8

Amsterdam Stock Exchange

	Price	% change
Amsterdam Stock Exchange		
Shell	230.00	8.2
Shell	410.00	7.2
Shell	315.00	7.1
Shell	780.00	6.4
Shell	150.00	5.8
Shell	230.00	4.8
Shell	710.00	3.8
Shell	340.00	3.0
Shell	340.00	2.9
Shell	340.00	2.8

Stockholm Stock Exchange

	Price	% change
Stockholm Stock Exchange		
Volvo	230.00	8.2
Volvo	410.00	7.2
Volvo	315.00	7.1
Volvo	780.00	6.4
Volvo	150.00	5.8
Volvo	230.00	4.8
Volvo	710.00	3.8
Volvo	340.00	3.0
Volvo	340.00	2.9
Volvo	340.00	2.8

Copenhagen Stock Exchange

	Price	% change
Copenhagen Stock Exchange		
Carlsberg	230.00	8.2
Carlsberg	410.00	7.2
Carlsberg	315.00	7.1
Carlsberg	780.00	6.4
Carlsberg	150.00	5.8
Carlsberg	230.00	4.8
Carlsberg	710.00	3.8
Carlsberg	340.00	3.0
Carlsberg	340.00	2.9
Carlsberg	340.00	2.8

Oslo Stock Exchange

	Price	% change
Oslo Stock Exchange		
Equinor	230.00	8.2
Equinor	410.00	7.2
Equinor	315.00	7.1
Equinor	780.00	6.4
Equinor	150.00	5.8
Equinor	230.00	4.8
Equinor	710.00	3.8
Equinor	340.00	3.0
Equinor	340.00	2.9
Equinor	340.00	2.8

Stockholm Stock Exchange

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Volvo	230.00	8.2
Volvo	410.00	7.2
Volvo	315.00	7.1
Volvo	780.00	6.4
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Volvo	340.00	3.0
Volvo	340.00	2.9
Volvo	340.00	2.8

Oslo Stock Exchange

	Price	% change
Oslo Stock Exchange		
Equinor	230.00	8.2
Equinor	410.00	7.2
Equinor	315.00	7.1
Equinor	780.00	6.4
Equinor	150.00	5.8
Equinor	230.00	4.8
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Volvo	340.00	2.8

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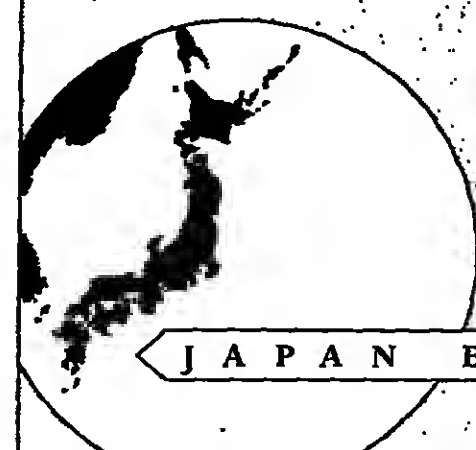
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\*Source: NAV to NAV, gross income reinvested since launch (7.292) to 1.694

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## SPORTS

## Tenacious Canucks Spoil Rangers' Garden Party

Compiled by Our Staff From Dispatches  
NEW YORK — The Stanley Cup was in the building, the champagne was on ice, extra police lined the streets.

This was supposed to be the night delirium reigned at Madison Square Garden, the night the New York Rangers ended a 54-year curse.

Then the Vancouver Canucks won.

"The party is delayed," Murray Craven said after his team's 6-3 victory Thursday night cut the Rangers' lead to 3-2 in the best-of-7 series. Delayed at least until Tuesday night, when the series is to come back to the Garden if Game 7 is necessary. Game 6 will be played Saturday in Vancouver.

For a few wild minutes, it looked like there would be a Garden party after all: The Rangers led behind 3-0, but scored three times in the third period, with Mark Messier's goal at 9:02 putting the Rangers even, and 18,200 fans went wild, chanting, "We want the Cup! We want the Cup!"

"Wild is certainly a good description," said Vancouver's coach, Pat Quinn. "The fans were wild. They smelled it."

The Dave Babych, Geoff Courtnall and Pavel Bure scored in a span of 3 minutes, 33 seconds.

"It was anxiety, excitement and

anticipation," said the Rangers' coach, Mike Keenan. "It was a matter of being overzealous and going for the knockout punch and somebody TKO'd us in the meantime."

Babych got his first goal of the finals only 29 seconds after Messier had tied the score. Courtnall and Bure tied the score. Courtnall and Bure tied the score.

**STANLEY CUP FINAL**

Bure followed with their second goal of the game to guarantee that the series would go back to Pacific Coliseum.

Kirk McLean, the hero of Vancouver's overtime victory in Game 1, made 35 saves but was shaken by the Rangers' third-period comeback.

Doug Lidster scored at 3:27, putting New York on the board, and Steve Larmer followed with a goal at 5:20. Messier's wrist shot from the right circle skinned the top of Babych's skate and beat McLean to bring the crowd to almost a frenzy.

But Bure gained control of the puck deep in Vancouver ice, skated through center ice and across the Rangers' blue line, then slipped a pass to Babych, whose wrist shot beat goalie Mike Richter low to the stick side.

At 12:20, Courtnall, who hadn't scored in Vancouver's previous 13

games, was in the right place to net a rebound after Richter had stopped Nathan Lafayette, making it 5-3.

The Canucks completed their barrage at 13:04 when Bure scored on a rebound. Bure, who led the NHL with 60 goals during the regular season, also leads all playoff scorers with 16.

The teams' eight goals in the final period was one shy of the single-period playoff record set by the Rangers and Philadelphia in 1979 and tied by Los Angeles and Calgary in 1990.

The only goal in the first two periods had been scored by Vancouver's Jeff Brown. Courtnall and Bure scored in the first 2:48 of the third to give the Canucks their three-goal lead.

The Rangers thought they scored 10:06 into the game, but linesman Randy Munton ruled that Stephane Matteau went offside before Esa Tikkanen's goal. Replays showed otherwise.

A scuffle followed the play and the referee, Andy Hellemond, ejected Jeff Beukeboom, so the Rangers had to play with five defencemen the rest of the way.

"Obviously, it wasn't the right thing," Beukeboom said quietly. "I got kicked out of the game. I wasn't around to help the team win."

(AP, NYT)



Brian Leetch and Dave Babych, who got the tie-breaking goal, had a meeting in front of Mike Richter.

## Jays Clout Yankees, Tightening Race

The Associated Press

As far as the Toronto Blue Jays are concerned, it's never too early to start a pennant race.

"We realize it's still June," Paul Molitor said after getting three hits and scoring twice during a 7-5 victory over the New York Yankees on Thursday night. "But we also realize we have a chance to cut some games off their lead."

The Blue Jays built a 6-0 lead against Terry Mulholland on Joe Carter's run-scoring double in the first inning. Molitor's RBI single in the second, Ed Sprague's two-run double in the fourth and Carter's 15th home run of the season, a two-run shot to left in the fifth.

Then Randy Knorr chased Mulholland with his first home run of the season, making it 7-0 in the sixth.

The Yankees, who, despite having lost 9 of 11 games still lead the AL East by 2 games over Boston, 3 over Baltimore. 5½ over Detroit and 6½ over Toronto, were searching for some good signs.

"At least we battled back and I have to look at that as a positive," said manager Paul O'Neill, who went 2-for-4 and is hitting .430. Then he added, "We can't go on too long like this or we're going to let all the other teams back in the race."

Rangers 7, Royals 4: Juan Gonzalez broke a 26-game homerless

streak as Texas beat visiting Kansas City for its ninth victory in 11 games.

Gonzalez, the defending major league home run champion, hit his seventh of the season to start the

## AL ROUNDUP

scoring in the second inning, then added an RBI single in a four-run third. Gonzalez's first homer since May 4 ended a drought of 99 at-bats without one. He finished 3-for-4.

Twins 8, White Sox 4: Kirby Puckett hit two homers, doubled, and got four RBIs, and Scott Lewis also homered for host Minnesota in a game that had eight runs, 13 hits and three lead changes in the first two innings.

Brewers 4, Indians 3: Jose Valentin's bases-loaded single capped a ninth-inning rally in Milwaukee that denied Cleveland's Jack Morris his 250th major league victory.

Tigers 7, Angels 4: Juan Samuel drove in three runs, doubled, and got four RBIs, and Scott Lewis also homered for host Minnesota in a game that had eight runs, 13 hits and three lead changes in the first two innings.

Franklin was hurt by four straight one-out hits and a wild pitch in the seventh.

## SCOREBOARD

## Major League Standings

## AMERICAN LEAGUE

## East Division

	W	L	Pct.	GB
New York	24	22	.521	—
Boston	22	24	.479	2
Baltimore	21	25	.458	3
Detroit	20	26	.435	4
Toronto	18	28	.391	6½

## Central Division

	W	L	Pct.	GB
Chicago	23	22	.511	—
Cleveland	21	24	.464	2
Minnesota	20	25	.442	3
Kansas City	19	26	.419	4
Milwaukee	18	27	.398	5

## West Division

	W	L	Pct.	GB
Texas	24	22	.521	—
Seattle	23	23	.500	1
California	22	24	.479	2
Oakland	17	29	.367	5½

## NATIONAL LEAGUE

## East Division

	W	L	Pct.	GB
Atlanta	23	22	.511	—
Montreal	22	23	.488	1
Florida	20	25	.442	3
Philadelphia	20	25	.442	3
New York	19	26	.419	4

## Central Division

	W	L	Pct.	GB
Cincinnati	23	22	.511	—
Houston	22	23	.488	1
St. Louis	20	25	.442	3
Pittsburgh	20	25	.442	3
Chicago	19	26	.419	4

## West Division

	W	L	Pct.	GB
Los Angeles	23	22	.511	—
San Francisco	22	23	.488	1
Colorado	21	24	.464	2
San Diego	20	25	.442	3

## Thursday's Line Scores

## AMERICAN LEAGUE

	W	L	Pct.	GB
New York	6	3	.667	—
Toronto	1	6	.143	5
Philadelphia	1	6	.143	5
St. Louis	1	6	.143	5
San Francisco	1	6	.143	5

## NATIONAL LEAGUE

	W	L	Pct.	GB
Atlanta	1	6	.143	5
Montreal	1	6	.143	5
Florida	1	6	.143	5
Philadelphia	1	6	.143	5
New York	1	6	.143	5

## Japanese Leagues

	W	L	Pct.	GB
Yomiuri	22	23	.488	—
Chunichi	21	24	.464	1
Yokohama	20	25	.442	2
Hanshin	19	26	.419	3

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## Alou Leads Expos Past Mets, 9-0

The Associated Press

Moises Alou did it again, only better.

Only three nights after a two-home run, five-RBI game against Houston, the Montreal Expos left fielder drove in five runs, hit two

home runs and added a pair of singles Thursday night in a 9-0 rout of the New York Mets.

"Moises is developing into a real tough customer," said Felipe Alou, the Expos' manager, and the outfielder's father.

The Mets' Dwight Gooden, making his first start since April 21, when he was sidelined with ligament damage in his right big toe, gave up six runs on six hits in five innings.

But Pedro Martinez threw a three-hitter for the Expos, pitching his team's best game of the season and his first complete game in the majors.

Alou's 4-for-5 performance lifted his batting average to .357, second only to Tony Gwynn of San Diego's .376 mark in the National League. He has also hit nine homers and driven in 34 runs.

Phillies 6, Cardinals 2: Ricky Jordan and Jim Eisenreich hit two-run homers against visiting St. Louis in the first inning, and Philadelphia

## Expansion to Mexico Eyed, Owners 'Ready' for Strike

By Richard Justice

Washington Post Service

CINCINNATI — The owners of major league baseball's teams pushed ahead on expansion, perhaps into Mexico, as they wrapped up their quarterly meetings against the backdrop of another labor confrontation that likely will lead the players to strike in August.

Although John Harrington, owner of the Boston Red Sox and chairman of the expansion committee, said that "we're simply exploring the possibilities," the owners moved in that direction with Thursday's announcement that cities interested in a team should contact the expansion committee by June 24. Questionnaires will be sent to those cities and a round of informal interviews will be conducted by the committee in August.

Harrington emphasized that cities "all over North America" would be considered, leaving open the possibility of expansion into Mexico City, Monterrey or Guadalajara. Several owners believe Mexico, where baseball has become ever more popular, should be considered.

Harrington said there would be "no recommendation until the conclusion of the collective-bargaining process."

It's that process that will dominate the sport for the next few weeks. Richard Ravitch, chief negotiator for the owners, will present a radical new proposal to the players next Tuesday in New York. It includes revenue sharing for the clubs and a salary cap for the players. The players are expected to quickly reject it and set a strike date, probably for early August.

"I hope they don't strike," Ravitch said. "We don't want them to do it. But we're very, very ready for it if they do. If they think they're going to scare the owners into giving up the necessity of changing the economic system of baseball, they're going to find themselves very wrong. I hope fans don't pay for their misjudgment. I've said before, strikes only occur when one side underestimates the leverage the other side has."

He scattered four hits over seven innings and struck out eight. Hal Morris was 3-for-3 with three RBIs. Pirates 3, Marlins 1: Orlando Merced's two-run double in the third ended his 1-for-17 slump and helped Pittsburgh beat visiting Florida.

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I'M GOOD AT PUSHING THE NUMBERS... I JUST NEVER KNOW WHO I'M CALLING...

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FAIRE

ROCENE

ENPOTT

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humbles: GPOIN LOOSE INVENT RARELY

Answer: What the grandsons of the Gato do! — POLLO ON THE RIVER

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"OKAY" DOESN'T DO IT. THAT'S JUSTICE.

GUESS WHO PUTS OFF DOING HIS LAUNDRY AS LONG AS POSSIBLE?

NICE SHOT, GENERAL

BOY, I'M REALLY SINKING LOW PLAYING WITH THIS CLOWN

NICE SHOT, LIEUTENANT

BOY, I'M REALLY SINKING LOW PLAYING WITH THIS CLOWN

LET ME TELL YOU, FOLKS, COMING OUT HAS BEEN A REAL EDUCATION. I NEVER DREAMED HOW HARD IT WAS TO GET A GUY TO FUNCTION IN THIS SOCIETY.

IT WASN'T ALWAYS THIS TIGHT. I WANT TO DRESS A NEW BOOK THAT PROVIDES PROOF THAT FOR HUNDREDS OF YEARS HOMOSEXUALITY WAS SO ACCEPTED THAT THE CATHOLIC CHURCH PERFORMED GAY MARRIAGES!

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OH MAN.

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I'M GOING TO SHOOT AT BELOW 100 NO MATTER WHAT IT TAKES

BUT YOU CAN'T IMPROVE ON THOSE CLUBS! THEY WERE DESIGNED BY EXPERTS

IF THEY'RE SO DARNED EXPERT AT MAKING GOLF CLUBS, WHY CAN'T I SHOOT BELOW 100?

That story again? ... Well, one stormy night, when the whole family was asleep, your grandfather quietly rose from his bed, took an ax, and made a little of your little granddads.

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LEFTOVERS

WHAT?

YOU KNEW THIS WAS A FAMILY RESTAURANT WHEN YOU CAME IN HERE

HOW COME YOU'RE SANDING THAT GOLF CLUB DASH?

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BUT YOU CAN'T IMPROVE ON THOSE CLUBS! THEY WERE DESIGNED BY EXPERTS

IF THEY'RE SO DARNED EXPERT AT MAKING GOLF CLUBS, WHY CAN'T I SHOOT BELOW 100?

That story again? ... Well, one stormy night, when the whole family was asleep, your grandfather quietly rose from his bed, took an ax, and made a little of your little granddads.

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## THE FAR SIDE

WHAT IS THE SPECIAL TODAY?

LEFTOVERS

WHAT?

YOU KNEW THIS WAS A FAMILY RESTAURANT WHEN YOU CAME IN HERE

HOW COME YOU'RE SANDING THAT GOLF CLUB DASH?

I'M CHANGING THE ANGLE TO HELP ME GOLF BETTER

I'M GOING TO SHOOT AT BELOW 100 NO MATTER WHAT IT TAKES

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## BLONDIE



# SPORTS

## Mansell Said to Be Rejoining Williams

**MONTREAL** — Nigel Mansell is returning to Formula One racing with the Williams team, according to sources at the Circuit Gilles Villeneuve where the Canadian Grand Prix will be run Sunday. The announcement will be made Tuesday, when Mansell will be in England after racing in the Indy Car World Series in Detroit on Sunday, according to numerous but unconfirmed reports at the circuit. "I would like to be able to have something to say about this, but I cannot give you any comment at all," Frank Williams, the head of the team with which Mansell won the 1992 driver's championship, said Thursday. "We have talked to Nigel, as we have talked to many other drivers, but I am not prepared to add to that comment at all." The team's spokeswoman, Ann Bradshaw, said: "Anything is possible and nothing is impossible."

A spokesman for Renault said that it seemed there was some pressure on Mansell to rejoin the Williams team, to which Renault supplies engines. But the spokesman hinted it was unlikely that Mansell would be able to race for Williams in the British Grand Prix at Silverstone, one of his favorite races.

Gerhard Berger, the Austrian driver, said that he expected to see Mansell return to Formula One.

"Yes, I think he will be back," Berger said. "It is just a question of money, isn't it? I am quite happy if he does come back too because he always brings something with him. There is always something happening around him."

Mansell's current employer, the Newman-Haas Indy car team, does not want to release him from his contract until the end of the 1995 season. The head of that team, Carl Haas, has said repeatedly that he will do all he can to prevent Mansell from returning full time to Grand Prix racing, but cannot prevent him from driving in Formula One races that do not conflict with his Indy car commitments.

## Switzerland Could Be Tournament's Big Surprise

**By Ken Shulman**  
*New York Times Service*

**ROME** — Closing one's eyes, it would not be difficult to mistake the Swiss national team's locker room for a United Nations committee meeting.

With a gentlemanly English coach, players from all four of Switzerland's linguistic groups (German, French, Italian, and Romansh) as well as from Turkey, Spain and Argentina, the potential communications problems could easily derail the Swiss team into a garbled, unintelligible babel.

Instead, the hard-running, red-shirted Swiss understand each other just fine.

Together since late 1991, when Roy Hodgson took over as the coach from Germany's Uli Stielicke after Switzerland's failure to qualify for the 1992 European Championships, the Swiss squad has a well-balanced blend of athleticism and skill and coordination.

"I don't want players who follow my orders like robots," said Hodgson, who played professionally in England and South Africa. "I want players who are able to think on the field."

Concentrating on building a coherent, flexible unit around a strong central axis, Hodgson has forged an exciting and incisive team. Although not overly imaginative on offense, Switzerland is very able at

executing three or four basic attack plays. With its incessant, well-timed pressing, the team tends to dominate at midfield, while its defenders rely on size and on a finely-tuned offside maneuver to frustrate rival attackers.

The top finisher in a World Cup qualifying group that included Italy, Portugal and

said Italian forward Giuseppe Signori, who scored a disputed first-half goal. "They really put the pressure on."

"They are in excellent shape," said Italian goalkeeper Gianluca Pagliuca, whose sharp reflexes kept Switzerland off the board three times in the second half.

"And they have a lot of excellent play-

created a national team that plays more like a club team. His polyglot 21 players communicate in French — a language that the Englishman learned on his arrival — but the on field, the lingua franca is team work.

"For me, soccer is pressing, posing and flexibility," he said after the Italy match.

trouble for its Group A opponents: the United States, Colombia and Romania.

Deployed in the widely used 4-4-2 formation, Hodgson's team uses right back Marc Hottinger to move the ball up the right wing, while midfielder Alain Sutter is the key transition player on the left side.

Against Italy, the 26-year-old Sutter was particularly effective, creating openings for the Swiss forwards with his acceleration and frequently cutting in off the wing to drive through the struggling Italian defense and towards the net.

On offense, Switzerland has two thoroughbred attackers.

Stephane Chapuisat, a 24-year-old forward who plays for Borussia Dortmund, is a complete attacker dangerous both in and out of the penalty area.

An instinctive player known both for his passing and dribbling ability, Chapuisat led the Swiss league in scoring for three consecutive seasons before leaving for Germany in 1991.

"He does everything right," said Borussia's coach, Friedhelm Rausch. "And he does it automatically, as if he's been doing it all his life."

Adrian Knup, the other half of the Swiss offensive tandem, is best known for his heavy, right-footed shot. Knup, who plays for Stuttgart, is the national team's scoring leader, with 21 goals in just 31 matches. Rested against Italy because of a muscle pull, the 26-year-old forward will be ready for the World Cup.

## Pelé Rates Colombia the Best, the Irish Tough

**NEW YORK** — Colombia has the best team going into the World Cup, according to Brazilian soccer great Pelé, but that doesn't mean it will win the title.

"They have (Faustino) Asprilla. Colombia has a very organized team," Pelé said Thursday. "Win? I don't know. But they will be one of the four finalists."

He praised the individual talents of the Brazilian squad, but was cautious about his chances.

"Brazil individually has very good players, and the best of them are in Europe: Romario, Bebeto, Mauro Silva, Jorginho," he said. "All are good as players, but as a team they are not so necessarily compact, like Germany. Germany doesn't have so many big names, but they work well together."

Pelé rated Ireland as "tough" and said that while Nigeria was talented its inexperience will show should the team advance past the first round.

"If they win the first game, no doubt they will go to the second round," he said.

Age and diminishing skills have severely reduced Diego Maradona's ability to make an impact for Argentina, Pelé said. He instead suggested Italy's Roberto Baggio, Romario and Asprilla as the players who could make the biggest difference.

"I think no doubt this will be the best World Cup," he said. "The way the organizers have put this together... it's fantastic. Now the most important thing is to have a good World Cup inside the field."

Scotland, Switzerland outscored its opponents by 23-6 and lost just once in 10 matches. Earlier this month, Switzerland thoroughly outplayed Italy in Rome's Olympic stadium, although Hodgson's team lost the contest, 1-0.

"Switzerland played their positions the way that we should have played them,"

ers. I pick them to be the big surprise of the World Cup."

Returning to the World Cup after an absence of 28 years, Switzerland will play its first match against the United States on June 18 at the Silverdome near Detroit. Hodgson, who has stuck with the same group of players for the past 2½ years, has

"I'm happy with the way we played, even though we lost. Right now, the most important thing is that I saw a solid team out there, and that we are really coming together."

Although its game is based on the concept of an 11-man collective, Switzerland has several elements that could create

## Germany Loses Strunz for Cup Opener

**Compiled by Our Staff From Dispatches**

Thomas Strunz, a starting defender for Germany, will miss next Friday's World Cup opener against Bolivia because of a hamstring injury.

Strunz, 26, was hurt in Wednesday's 2-0 victory over Canada. Germany's last warmup match before it begins defending its title.

"There are always miracles, but I can't imagine I'll be able to play," Strunz said at training camp in Aachen, Ontario. "You really prepare for the opening game, you concentrate hard on it, and then unfortunately something like this happens."

Mario Basler, an offensive midfielder carried off the field in Toronto with what was thought to be a serious knee injury, should be able to resume full training within three days.

"It looked very bad and it was very, very painful," said the team's doctor, Heinrich Hess. "But it turned out to be only bad bruising and a strain of interior ligaments. If

his recovery continues to be so successful as in the first 24 hours, we can assume that he'll be able to play in Chicago. With Strunz, it's more than a muscle strain, although it's not a real tear, but he needs a week of rest."

There were no warmup games Thursday.

● In Lagos, the U.S. embassy said a Nigeria Airways flight for the Nigerian team had been approved by Washington.

There had been confusion over how Nigeria would get its team to the United States following conflicting reports on whether Washington would lift a year-long ban on flights from Lagos.

● England has made the World Cup after all — at least according to the British Broadcasting Corp.

To ease the pain of being left out of the world's biggest soccer party, BBC Radio 5 Live is running tongue-in-cheek reports that England has qualified for a newly created "Group G."

"Yes, the unbelievable has happened," the network said Friday. "It's confirmed. It's official. It is on. Amazingly, England will play in this year's World Cup competition, USA 94, in America."

The program continued with a man identified as the Football Association's chief executive, Graham Kelly, announcing to a "stunned press conference."

"It has been announced that an additional group, Group G, shall be added to the six groups, A to F, competing in the World Cup finals. Group G shall comprise those four national sides adjudged by FIFA to have most narrowly missed qualification to the finals. The four sides named are France, Australia, England and Wales. It's a wonderful day for football."

The station then carried a fictional interview with England's manager, Terry Venables, who said, "I'm quite happy with the balance we have in that group."

● Brazil, one of the favorites,

continued to be criticized at home despite its 8-2 rout of Honduras in a tuneup match, with the daily Jornal do Brasil reporting, "We have serious problems."

"Kai hasn't woken up," O Globo said. "He tried to run but his legs didn't obey. He missed simple passes, was afraid to create plays, was not daring."

● But in San Diego, Sweden's team said it had found tranquility. There were no autograph seekers awaiting the team after its 15-hour trip from Sweden. And few paid attention when the players checked in at their beach-front hotel.

"This is almost like Sweden. It's peaceful and quiet. It's like vacation," midfielder Jonas Thern said. (AP, Reuters)

## TV Watchers Should Diet For a Starter

**By Stuart Doughty**  
*Reuters*

**DALLAS** — On June 17, world champion Germany kicks off a month-long binge for soccer's armchair viewers in the opening game of a 52-match schedule crammed into just 23 days of action.

For the television addict who plans to watch them all, that is 4,680 minutes of mouth-watering, world-class soccer. Put another way, more than three days of ceaseless staring at the small screen.

The danger to avoid, somewhat like that of a Chinese wedding feast, is gorging on the less-appetizing early courses to satisfy the immediate hunger pangs, only to find the desire wanting when the more palatable dishes are served up later.

In the 1990 tournament in Italy, 13 of the 36 first-round group matches produced the misery of a draw or one or no goals. There were eight tame draws, none of them with scoring higher than 1-1. In 1990, the goal-scoring average was 2.21 per game. In 1954, it was 5.38.

But this year, the television viewer will see a plethora of goals — if FIFA has anything to do with it. The game's ruling body has tinkered with the rules in a deliberate attempt to increase scoring.

It is copying the English league system of awarding teams three points instead of two for winning a first-round match, which, FIFA and a host of players and coaches say, will encourage attacking play. Referees have been given clear instructions that should give a greater edge to attacking players.

Tackling from behind has been banned and referees told that culprits should be sent off.

That edict alone should make the early matches more fascinating as players, trying to adjust to the demands of World Cup soccer, struggle to come to terms with what is virtually an alien rule.



Sebastian Fearnley, right, of England and his friend Shamseddin Nelson of the United States, both 4 years old, had no trouble catching World Cup fever on a street in Santa Monica, California.

But the one drawback to the hopes of exciting, attacking play and an abundance of goals is the weather in the United States.

Orlando, Dallas, Washington, New York and probably Pontiac's indoor stadium will be hot and humid, and hardly conducive to the fast-paced soccer FIFA hopes will win over the American public to its sport.

That means carefully selecting which first-round games to watch, and which to avoid, at a pace that

## Go for Gin Picked To Add Belmont To Derby Victory

**Compiled by Our Staff From Dispatches**

**ELMONT, N.Y.** — Kentucky Derby winner Go for Gin has been made the early favorite at 9-5 for Saturday's 126th running of the Belmont Stakes, the last and longest race in the Triple Crown series, and has drawn the first post position in the seven-horse field.

Strodes Creek, the late-closing California colt who finished second in Kentucky, was put at 5-2 for the 1 1/4-mile test of 3-year-olds. He drew post position six.

Tabasco Cat, who three weeks ago won the Preakness after finishing sixth in the Derby, drew the second post position and was put at 3-1, along with Brocco, who will start from the seventh gate.

Brocco, first at Santa Anita and fourth in Kentucky after a delayed start, did not run in the Preakness.

Signal Tap, at 20-1, will start from the third spot. Amathos drew the fourth post position and was put at 15-1 in the early betting line.

Ulices, a late addition, was fifth in line and put at 30-1.

Ulices has had only two weeks of rest since the Peter Pan Stakes, and he ran last day. Three weeks earlier, he ran last in the Kentucky Derby. He runs fast, but he doesn't run fast very far.

Tabasco Cat and Go for Gin have had three weeks to regroup since waging their memorable duel down the homestretch in the Preakness, which Tabasco Cat won by three-quarters of a length.

Most trainers said there was no strategic advantage in the draw because the track is wide and long, the distance great and the field small. (Reuters, NYT, AP)

## SIDELINES

### Davis Ups Lead to 4 in Honda Open

**HAMBURG (Reuters)** — Rodger Davis of Australia continued Friday to set a hot pace in the Honda Open golf tournament, shooting 4-under-par 68 for a total of 134 and a four-shot lead over Colin Montgomerie, Andrew Coltart and Paul Broadhurst, all of Britain.

Ian Woosnam birdied three of the last six holes for a 71-144 and, "As for the U.S. Open it's still not 100 percent. I might not make a decision until Wednesday but I'm still hoping to fly out on Sunday."

● Mike Reid topped his last hole for a 6-under-par 65 that put him a stroke ahead of Dillard Pruitt, Steve Brodie, Steve Pate, Bob Estes and Wayne Levi after the first round of the Buick Classic in Harrison, New York. (AP)

### Poulnikov Wins Tour of Italy Stage

**LES DEUX ALPES, France (AP)** — Vladimir Poulnikov of Ukraine edged Nelson Rodriguez of Colombia in the final sprint Friday to win the 20th stage of the Tour of Italy.

Eugeni Berzin of Russia retained the leader's pink jersey in the cycling race that ends Sunday in Milan.

### Kukoc Bid Is Said to Be \$8 Million

**ATHENS (AP)** — The Greek team Panathinaikos has reportedly offered Toni Kukoc a two-year, multimillion dollar contract to leave the Chicago Bulls of the NBA.

Newspapers here reported on Friday that Panathinaikos had offered Kukoc \$8 million, of which \$2.8 million would go to the Bulls.

Neither Kukoc's agent, Luciano Cappiacci, or the president of the Greek club, Pavlos Yamakopoulos, would comment, although Cappiacci said by telephone that "our objectives are first Chicago, then the NBA, then Europe." He added: "I'm fairly confident that we will come to an agreement with Chicago because that is our objective. One of the alternatives is Panathinaikos. Things are very good here."

### For the Record

John Lucas was, at his request, released from his contract as coach of the San Antonio Spurs. Houston television station KPRC-TV reported that he will become coach of the Philadelphia 76ers. (AP)

Lisa (Left Eye) Lopes, the singer with the hip-hop music group TLC, surrendered to police in Alpharetta, Georgia, to face charges that she set a fire that destroyed the \$800,000 home of her boyfriend, Atlanta Falcons receiver Andre Rison. Police said she also smashed a Mercedes-Benz sedan, a Mercedes-Benz roadster and a Toyota 4-Runner after a quarrel. (AP)

Richard Dent, the four-time Pro Bowl defensive end for the Chicago Bears, agreed to a two-year, \$3 million contract with the San Francisco 49ers. (AP)

Chris Evert, 39, the retired tennis star, gave birth to the second son for her and husband Andy Mill. (Reuters)

## The IHT World Cup Competition

### Win fabulous prizes.

Winners will be chosen from an official drawing. The first 16 entries drawn, with at least 6 correct responses, will win one of the prizes listed below, determined from the order in which they are drawn.

**Grand Prize:** Two United Airlines business class round-trip Europe/New York tickets plus five nights accommodation at the Stanhope Hotel in New York.

**Five second prizes:** Sprint Collectors frame prepaid phone cards in celebration of the World Cup.

**Five third prizes:** AT Cross, 22k gold, diamond cut, Roller ball pens, from the Signature Collection.

**Five fourth prizes:** Gold Pfeil men's wallets.

### HERE'S HOW TO ENTER

For each of the 12 days leading up to the World Cup, the IHT will publish a question in which the response predicts various outcomes of facets of the World Cup. There are 12 questions in all.

After answering the question each day in the coupon provided below, hold your responses and send them all at once to the IHT. A minimum of 6 responses must be postmarked on or before June 17, 1994 — the World Cup kickoff day.

Only clippings from the newspaper will be accepted. Photocopies and faxes do not qualify.

### RULES AND CONDITIONS

- Individual coupons will not be accepted. Minimum of 6 coupons to qualify.
- Cut-off date is postmarks of the first day of the World Cup — June 17, 1994.
- Valid only where legal.
- Entries will not be accepted from staff and families of the IHT newspaper, its agents and subsidiaries.
- Only original coupons will be considered valid. Photocopies and faxes are not acceptable.
- No correspondence will be entered into. Proof of postage will not be accepted as proof of receipt.
- No cash alternative to prizes.
- In some countries, the law forbids participation in this competition for prize awards. However, in these countries, you can still play for fun. The competition is void where illegal.
- Winners will be drawn on day after the end of the World Cup and published in the IHT on Thursday 21 July.
- On all matters, the editor's decision is final.
- The Editor reserves the right in his absolute discretion to disqualify any entry, competitor or nominee, or to waive any rules in the event of circumstances outside our control arising which, in his opinion, makes it desirable to cancel the competition at any stage.
- The winners will be the first correct answers containing six or more coupons picked at random from all entries.

### 1994 World Cup Groupings

- GROUP A**
  - USA
  - SWITZERLAND
  - COLOMBIA
  - ROMANIA
- GROUP B**
  - BRAZIL
  - RUSSIA
  - CAMEROON
  - SWEDEN
- GROUP C**
  - GERMANY
  - BOLIVIA
  - SPAIN
  - KOREA REPUBLIC
- GROUP D**
  - ARGENTINA
  - GREECE
  - NIGERIA
  - BULGARIA
- GROUP E**
  - ITALY
  - IRELAND REPUBLIC
  - NORWAY
  - MEXICO
- GROUP F**
  - BELGIUM
  - MOROCCO
  - NETHERLANDS
  - SAUDI ARABIA

### TODAY'S QUESTION

Name one of the teams that will make the final.

Your response: \_\_\_\_\_

Name: \_\_\_\_\_

Job Title: \_\_\_\_\_

Company: \_\_\_\_\_

Address: \_\_\_\_\_

Postal Code: \_\_\_\_\_ City: \_\_\_\_\_

Country: \_\_\_\_\_

Telephone: \_\_\_\_\_ 7J11  
Send responses to: IHT World Cup Competition, International Herald Tribune, 181 Avenue Charles-de-Gaulle, 92521 Neuilly Cedex, France.



## خلاصہ الاصل